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New York

President:	Sir Mark Lyall Grant	(United Kingdom of Great Britain and Northern Ireland)
Members:	Argentina	Mrs. Perceval
	Australia	Ms. King
	Azerbaijan	Mr. Sharifov
	China	Mr. Wang Min
	France	Mr. Briens
	Guatemala	Mr. Rosenthal
	Luxembourg	Ms. Lucas
	Morocco	Mr. Bouchaara
	Pakistan	Mr. Masood Khan
	Republic of Korea	Mr. Kim Sook
	Russian Federation	Mr. Churkin
	Rwanda	Mr. Gasana
	Togo	Mr. Menan
	United States of America	Ms. Rice

Agenda

Maintenance of international peace and security

Conflict prevention and natural resources

Letter dated 6 June 2013 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Secretary-General (S/2013/334)

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The meeting was called to order at 10.05 a.m.

Adoption of the agenda

The agenda was adopted.

Maintenance of international peace and security

Conflict prevention and natural resources

Letter dated 6 June 2013 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Secretary-General (S/2013/334)

The President: Under rule 37 of the Council's provisional rules of procedure, I invite the representatives of Armenia, Belgium, Bolivia, Botswana, Brazil, Canada, Chile, Cyprus, Denmark, Ecuador, Egypt, Eritrea, Ethiopia, Gabon, Germany, India, Japan, Malaysia, the Netherlands, New Zealand, Nigeria, Papua New Guinea, Qatar, South Africa, the Sudan, Switzerland, Timor-Leste, Turkey, Uganda, the Bolivarian Republic of Venezuela to participate in this meeting.

On behalf of the Council, I welcome the presence at the Council table of His Excellency Mr. Christian Friis Bach, Minister for Development Cooperation of Denmark.

Under rule 39 of the Council's provisional rules of procedure, I invite the following briefers to participate in this meeting: Mr. Kofi Annan, Chair of the Africa Progress Panel; Ms. Caroline Anstey, Managing Director of the World Bank; and Ms. Rebeca Grynspan, Under-Secretary-General and Associate Administrator of the United Nations Development Programme.

On behalf of the Council, I welcome Mr. Kofi Annan, who is participating in today's meeting via video teleconference from Geneva.

Under rule 39 of the Council's provisional rules of procedure, I invite Mr. Ioannis Vrailas, Deputy Head of the Delegation of the European Union to the United Nations, to participate in this meeting.

The Security Council will now begin its consideration of the item on its agenda.

I wish to draw the attention of Council members to document S/2013/334, which containjs the text of a letter dated 6 June 2013 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Secretary-General, transmitting a concept paper on the item under consideration.

I recognize the presence of the Deputy Secretary-General, His Excellency Mr. Jan Eliasson, and I now give him the floor.

The Deputy Secretary-General: Before I begin my remarks, let me say a few words about the tragic events in Mogadishua today. The Secretary-General and I were deeply saddened and shocked by the outrageous attack on the United Nations compound in Mogadishu this morning. Full details are still emerging, but we know that several people have died. The Secretary-General and I express our deepest condolences to the families of the deceased. Our thoughts are with the United Nations staff and all those who have suffered through this tragedy.

We remain committed to the principles of achieving peace and keeping Somalia on its path to recovery, which were strongly endorsed recently by the Council. I thank you, Sir, for your words before the beginning of this meeting. We thank the Government of Somalia and the African Union Mission in Somalia for their prompt response. I have just learned that the Secretary-General and the President of Somalia have spoken to one another by telephone.

The Council is well aware of the link between abundant extractive resources and conflict. In Sierra Leone, guns financed by blood diamonds and illegal timber are now silent. Liberia's Charles Taylor is facing international justice. The scars of war are healing. But in too many countries, a wealth of resources — such as timber, oil, coal, diamonds and precious metals — fail to translate into equivalent wealth for the people. Instead, communities and individuals pay a terrible cost in terms of corruption, human rights abuses and environmental damage. Only a powerful few benefit. The result of this inequality — this injustice — is bitterness, mistrust and alienation. These are the precursors of conflict. This is the so-called resource curse.

Yet, managed wisely, extractive resources can and should be the foundation for sustainable development and lasting peace. I therefore welcome this thematic open debate of the Council and the opportunity to outline how the United Nations system is working with Member States, the private sector and other partners

to help transform the resource curse into a resource blessing, in the best of cases.

Last month, the Secretary-General briefed the Council about his joint visit with World Bank President Mr. Jim Yong Kim to the Democratic Republic of the Congo, Rwanda and Uganda. Their message was clear. Peace, development and the rule of law go hand in hand. That is why the Council and the United Nations system are supporting the Peace, Security and Cooperation Framework for the Democratic Republic of the Congo and the region. That is why the World Bank is investing heavily in the region and encourages business to follow.

The private sector is a key player in equitable, transparent and sustainable exploitation of extractive resources from Botswana to Brazil, from Cambodia to Colombia, and from Malaysia to Mozambique. But it is only one among a broad cast of actors. Civil society, national Governments and international organizations have important roles to play. And, where conflict rages or is a distinct risk, the Security Council has its obligations.

The primary responsibility for preventing conflict and transparently and equitably managing resources lies with Governments. Political leaders are to ensure that extractive industries generate employment and tax revenues that support economic development and the provision of basic services. And leaders are to be held accountable by national institutions that promote social cohesion and inclusion based on the rule of law and an independent judiciary. Transparency, it should be noted, is not limited to just tracking the flow of payments from extractive industries. Information about the quantity, value and location of resources is also essential to managing public expectations and reducing tensions.

Preventing conflict related to resources also means identifying social, economic and environmental impacts. Measures must be taken to mitigate negative consequences, in close contact with local communities, and clear processes for compensation must be available to prevent tensions and disputes. The United Nations Environment Programme has been working closely with the Government of Nigeria, for instance, to assess the environmental and public health impact of oil contamination in Ogoniland, in the Niger delta, and to identify the options for clean-up.

United Nations political and peacekeeping missions and country teams support dispute resolution and grievance mechanisms through their rule of law programmes. We also work to ensure that issues related to extractive industries are part of mediation efforts and are addressed in peace processes. We have now included an expert on natural resources in our stand-by team of mediation experts. Together with international financial institutions, we can help Governments to develop capacity on taxation policies and regulations relevant to extractive industries, and to address the impact of inflation and currency fluctuations.

There is also a significant gender dimension to extractive industries. The United Nations is working to ensure that this aspect is addressed. In Mozambique, HIV/AIDS is a major problem related to migrant workers working in South Africa's mines. The Joint United Nations Programme on HIV/AIDS is working with companies in South Africa and with the miners' home communities to raise awareness and reduce transmission of the disease. And with the rapid expansion of Mozambique's own extractive industries, the United Nations system as a whole is working on the broad spectrum of related health and development issues.

Where countries are recovering from conflict, the United Nations Peacebuilding Commission and country teams can engage extractive companies in training and employing former combatants. Where resource extraction is fuelling conflict, the Security Council, of course, has a crucial role to play. The expert groups that support sanctions committees are a valuable tool. They have presented findings on extractive industries, such as charcoal, timber, diamonds and gold. Their recommendations to the Council, its committees and to Member States should be important catalysts for action.

The expert groups have also provided guidance to the private sector, for instance on due diligence for individuals and entities that trade, process and consume minerals from eastern Democratic Republic of the Congo. Private sector initiatives, such as the Kimberley Process in relation to Liberia and Côte d'Ivoire, and the Extractive Industries Transparency Initiative, are important to accountability, conflict prevention and sustainable development. Ending corruption must be a core goal of the United Nations.

Voluntary action by the corporate sector also underpins the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights. Endorsed in 2011 by the Human Rights

Council, the Principles provide a global standard for preventing and addressing human rights abuses linked to business activity. Member States — both the traditional major players, as well as the emerging economies that are increasingly entering the resources market — should support these initiatives and principles.

Ultimately, all parties need to recognize and act upon the links between poverty, inequality, conflict and sustainable development. As demand for extractive resources increases, so will competition and rivalry. This must lead not to more violent conflicts in fragile nations, but rather to cooperation and a sense of shared responsibility As we are seeing in many developing countries, resource wealth can be a catalyst for development. As the report of the Secretary-General's High-Level Panel of Eminent Persons on the Post-2015 Development Agenda states:

> "We need a transparency revolution, so citizens can see exactly where and how taxes, aid and revenues from extractive industries are spent."

Let us support this process of transparency and sharing so that the people of developing nations can benefit from their own natural resources.

The President: I thank the Deputy Secretary-General for his statement.

I now give the floor to Mr. Annan.

Mr. Annan: I thank you, Sir, for this opportunity to address the Council today. The topic of today's discussion is extremely important and one that is close to my heart. I will limit my remarks today to what concerns Africa, although I believe that the challenges facing the continent also have relevance for many other parts of the world. I believe that Council members have received the *Africa Progress Report 2013* — "Equity in extractives".

For years, we have seen that natural resources have been a presence in and at times a driver of internal and regional conflicts in Africa. Over the past 15 years alone, rivalry for access to natural resources has fuelled wars and rebellions in Sierra Leone, Liberia, the Democratic Republic of Congo, the Sudan, South Sudan, and elsewhere. Oil has also played an important role in the recurring violence in the Niger delta. This close and recurrent association between natural resources and war has led some people to describe the discovery and exploitation of natural resources in Africa as a curse.

Such a view is far too simplistic. For every conflict, one can find several contrasting examples of African countries where natural resources are now fuelling sustained high growth and are improving their citizens' daily lives. Natural resources are neither a curse nor a blessing; they are simply a source of opportunity. They can be used for tremendous good or they can be wasted.

Over the past decade, Africa's economies have been riding the crest of a global commodity wave. Surging demand for natural resources in China and other emerging markets has pushed export prices to new highs. Africa's petroleum, gas and natural resources have become a powerful magnet for foreign investment. With new exploration revealing much larger reserves than were previously known, Africa stands to reap a natural resource windfall.

The challenge facing the region's Governments is to convert the temporary windfall into a permanent breakthrough in human development.

Let us remember that natural resources do not cause war. Violent conflict happens when national institutions are too weak to contain political, ethnic or religious tensions within a peaceful national dialogue. But competition for natural resources can often amplify and accelerate conflict, tearing apart the already weakened fabric of such fragile States, or raise the stakes in latent conflicts between neighbouring countries.

The discussion therefore needs to focus on how natural resources can contribute to higher human development outcomes and reduce inequality; the actors involved in their extraction; and the rules that govern international commerce that can help prevent such centrifugal forces from occurring. The effective and transparent management of a country's natural resources is a priority for preventing conflict, fighting corruption and promoting sustainable development.

For societies to function and prosper, we need three interrelated conditions — what I call three pillars — economic and social development; peace and security; and the rule of law and respect for human rights. If exploited well, natural resources can contribute to strengthening all three. The responsibility for ensuring that lies primarily with African Governments. The starting point is for all countries to develop national strategies that set up the terms under which their natural resources will be developed, including fiscal policies, contractual arrangements and tax regimes.

Those strategies should replace short-term calculations with the necessary long-term thinking.

Critically, those national strategies must identify extractive projects that can generate more jobs by linking effectively to the existing local economy. Africa cannot build dynamic growth and shared prosperity while extractive projects operate within enclaves, or countries export natural resources without value added. Above all, national strategies have to set out how the extractive sector fits with plans for poverty reduction, inclusive growth and social transformation.

Success will require leadership, transparency and accountability. Transparency is a powerful tool, and there is no substitute for public scrutiny in developing effective and equitable policies.

However, African Governments cannot resolve all those governance challenges on their own. The international community must also shoulder its responsibility. When foreign investors make extensive use of offshore companies, shell companies and tax havens, they weaken disclosure standards and undermine the efforts of reformers in Africa to promote transparency. Such practices also facilitate tax evasion and, in some countries, corruption, draining Africa of revenues that should be deployed against poverty and vulnerability.

This year's *Africa Progress Report* found that anonymous shell companies were used in five deals that cost the Democratic Republic of the Congo nearly $ 1.4 billion between 2010 and 2012. That sum is equivalent to almost double the country's combined budget in 2012 for health and education. Indeed, Africa loses more money every year through the tax-avoidance technique known as "trade mispricing" than it receives in international development assistance.

Conflicts driven by natural resources can, and should, be prevented long before they start. Once arms are drawn it is too late. By securing international rules to close down opportunities for tax avoidance, rules that limit the use of shell companies and other tools that contribute to secret, murky and exploitative deals, the international community may help prevent the conditions that lead to armed competition for the spoils of natural wealth. Once an armed conflict has started, natural-resource wealth both drives it, by increasing the reward for victory, and fuels it, by providing revenue to buy arms and ammunition.

The Council can play an important role in ending the plunder of minerals and other natural resources that perpetuates violent conflict. In West Africa, for example, the Council took vigorous action to ban the trafficking in diamonds and timber, the proceeds of which was funding armed groups. Without those measures, the efforts of the United Nations to end the wars in that region would have been harder. The Kimberley Process to prevent "blood diamonds" was not ideal, but it showed that the international community was able to work together to cut off illegal revenue streams that fuel wars.

What we need today is a much more ambitious and comprehensive framework for transparency, fair tax practices and asset pricing so that the conditions that contribute to conflict over natural resources can be eliminated. The Africa Progress Panel, which I chair, looked in detail at how natural-resource wealth could best contribute to improved well-being and equitable growth for African nations. Our outlook is optimistic.

For the first time in more than a generation, the number of people in poverty in Africa has fallen. Child death rates are declining. There has been progress in combating major infectious diseases. More of Africa's children are in school. All of that is evidence that a combination of stronger economic growth and strengthened policies can deliver results.

Building on a decade of strong growth, economic governance continues to improve in many countries, providing protection against the boom-bust cycle fuelled by earlier commodity booms. Across the region, democracy is sinking deeper roots, and the accountability that comes with democracy strengthens natural-resource management. Some foreign investors show that they can make a healthy return from African investment while also adhering to the highest international standards of social and environmental protection.

Economic collaboration across borders has shown itself to be a very strong peace-builder. Such cross-border collaboration should be strongly encouraged by Governments with private sector partners, when it comes to the exploitation and processing of natural resources, whether it is through multi-country pipelines, iron ore smelters, refineries or other down-stream industries based on extraction.

It is encouraging that today a shared agenda is emerging. What is striking is that change is

happening, and happening fast, as the demand for greater transparency and fairness extends globally and accelerates. For example, for citizens everywhere, in Africa, in the Group of Eight (G-8) countries and across the globe, current tax practices are raising questions about fairness, social justice and citizenship.

In the past year, the United States and the European Union have introduced new transparency requirements. We have seen the United Kingdom and France sign up for the Extractive Industries Transparency Initiative, and now Canada has announced its intention to introduce mandatory transparency requirements for its extractive sector. Switzerland has also just voted to draft a payment disclosure law similar to the ones of the United States and the European Union.

The international community has a major responsibility to put in place such an environment. The G-8 Summit in Lough Erne earlier this week was a major step towards creating such an environment. I hope the United Nations can continue to play its role in helping to make this happen.

The President: I thank Mr. Annan warmly for his briefing.

I now give the floor to Ms. Anstey.

Ms. Anstey: I thank you very much, Mr. President, for inviting me to discuss how the international community can support fragile countries reliant on natural resources. The issue is critical for fragile countries seeking to escape the ravages of war. As our research, the 2011 *World Development Report* on conflict, security and development, said,

> "slow-developing low-income economies largely dependent on natural resources are 10 times more likely than others to experience civil war".

Natural resources have the potential to finance transformative development in fragile States. Take Guinea, for example. The Government recently reviewed mining contracts and identified a licence given free in 2008 for Simandou, the country's huge iron-ore mine. Two years later, the investor, who was given that license free of charge, sold 51 per cent of that investment at a price of $2.5 billion. Guinea's entire Government budget in 2010 was just $1.2 billion.

Managed well, natural resources have the potential to transform countries and get them out of the cycle of violence and fragility and aid dependency. But managed poorly, unfairly or secretly, they can lead to a missed opportunity of tragic proportions. The World Bank Group is committed to helping fragile countries transparently and sustainably manage natural resources and ensure that the benefits are shared equitably. That ambition is in line with our goal to eradicate extreme poverty and promote shared prosperity.

Importantly, we need to work with countries through the entire extractive industries value chain. Why? For the simple reason that there is no point in fixing the royalty-collection system if contracts are poorly negotiated or revenues are wasted. We know the importance of a level playing field to negotiate contracts and regulate industries, so that countries are not at a disadvantage in negotiating with the legions of lawyers employed by international companies. We are helping Governments to negotiate contracts through the new Extractive Industries Technical Assistance Facility and our new Africa Extractive Industries Facility.

We know the importance of the proper collection of revenues. We support countries in implementing the Extractive Industries Transparency Initiative (EITI) in 40 countries. The new EITI standard has raised the bar on transparency — this is important and needed — requiring public disclosure of auction results and licences. We are committed to supporting countries in meeting this new standard.

We also know the importance of managing expenditures financed through natural resources, so we are helping countries to transparently manage the wealth from their natural resources, deal with issues of volatility, set up transparent savings regimes and strengthen the management of public finances and public contracts.

We also need to pay attention to the environment and to the local communities directly affected by those investments. Such work needs to go beyond Governments. Civil society organizations, parliamentarians and the media have a key role to play so as to enable better policy debates, better contractual negotiations and a better ability to enforce contracts and track contractual obligations. We are working with those groups in such countries as Afghanistan, Liberia and the Democratic Republic of the Congo. We recently also signed a memorandum of understanding with the World Wildlife Fund to ensure that African extractive industries pay greater attention to local communities.

The role of the private sector is, of course, crucial. Our private-sector arm, the International Finance Corporation, and our risk insurance arm, the Multilateral Investment Guarantee Agency, support investment, engendering best practices in environmental and social standards and the transparency of payments to host Governments.

We know much more needs to be done to ensure that resources are a blessing, not a curse. The Group of Eight Summit just concluded yesterday. As I emphasized on Saturday at the Trade, Tax and Transparency conference, hosted by the British Government in London, sunlight is not only the best disinfectant, as a United States Supreme Court Justice once said; sunlight can also be a critical accelerator for development.

Transparency enables a level playing field, which is good for private-sector-led growth. Transparency gives citizens the tools to hold their Governments to account. Transparency enables investigators to track the flow of funds. Transparency offers us a way to accelerate the transformation of underground and secret wealth into poverty eradication and shared prosperity done in the full sunlight of results and accountability.

I want to commend the United Kingdom and the countries of the Group of Eight for putting tax and transparency at the centre of their agenda this week, and for the commitments made to increase transparency, address tax evasion and tackle illicit financial transfers. But much more can and should be done by all partners, and we will be looking to all forums available to support progress in this area.

Let me briefly outline where we at the World Bank are committed to doing more and three initiatives we announced this week. First, much progress has been made on revenue transparency, and the next challenge is to ensure transparency around contracts, licences and concessions and their beneficial owners. That is why we have just launched the Open Contracting Partnership to ensure effective disclosure and participation in all public contracting. That is particularly relevant for the extractive industries sectors.

Secondly, we are working to create a trillion-dollar map of Africa to put these resources literally on the map. The map will address the lack of modern geological data and overall knowledge of mineral potential. That is one of the key barriers to improving the quality of resource deals in Africa.

Finally, we have just announced the Open and Collaborative Private Sector Initiative. There is a range of tools involved in this initiative, but let me focus on just one. With our partners, we have launched the pilot of the Open Company Data Index. This new data index looks at the state of play of how countries enable transparency of information about registered corporations, but it goes further by aggregating open registry information. The tool generates open-source, transnational data sets. For instance, if one searches for a particular company on this website, one can see not only corporate registration information for that company, but also — and this, we believe, is revolutionary — generate a visual representation of the corporate network to which that company belongs and the registry information for all the companies in the network. For extractive industries, the tool could be transformational.

To conclude, I would offer a word on the importance of partnerships. We should not shy away from the fact that translating natural resource wealth into investments that create jobs and lift people out of poverty is complex, with critical political dimensions. It requires close collaboration across partners and particularly with the United Nations system. Our commitment to enhancing that partnership, particularly in fragile and conflict-affected countries, was shown in the recent historic visit to the Great Lakes region by Secretary-General Ban Ki-moon, the World Bank Group President Jim Yong Kim and United Nations Special Envoy Mary Robinson. There, they saw first-hand how the drive for control over resource wealth can bring instability to an entire region. Their visit highlighted an idea we know well but still have a long way to go to put into practice, namely, that peace and development are inextricably intertwined and must go hand in hand. We are committed to further deepening our partnership with the United Nations system to support fragile countries in their quest for peace and sustainable development. We are committed to continuing to push the critical extractive industries agenda.

The President: I thank Ms. Anstey for her briefing.

I now give the floor to Ms. Grynspan.

Ms. Grynspan: Let me start by sharing with the Security Council our pain over the lives lost in the vicious attack on our compound today in Mogadishu. We wish to pay our respects to and express our

solidarity with our staff and we offer our condolences to the families of those we lost.

The United Nations Development Programme (UNDP) welcomes the opportunity today to examine how effective and transparent management of natural resources in conflict-affected States can contribute to international peace and security. Experience suggests that being a resource-rich country is both an opportunity and risk. It is risky to be a resource-rich yet socially poor country but it is not destiny. We know that the risk is sizeable but not insurmountable. A lot has been learned about how to manage the risk effectively and transparently and how to take advantage of the revenue generated from higher prices and new discoveries of oil, gas and minerals to jump-start economies, create stable societies and improve the lives of people.

Good examples from Chile to Botswana tell us that our hope is well founded, although many resource-rich countries have disappointing results, growing in fact more slowly, experiencing fewer human development gains, including in poverty rates, and greater inequality, than countries without natural resources. Since the 1990s, the number of oil-producing countries with ongoing conflicts has increased, while non-oil-producing countries have become more peaceful. Over half of all countries with Security Council-mandated missions are resource-dependent, that is, with oil, gas or minerals accounting for more than 25 per cent of total exports. That trend leaves little doubt of the importance of the extractive sector as an international peace and stability issue that demands a development response at the national and international levels.

To face the challenges in least developed and conflict-affected countries, our development work needs to support them through an integrated approach in four areas. First, we must get the legal, institutional and policy frameworks right and build national capacities and law enforcement mechanisms to implement them properly. Secondly, we must support action at the international level, calling on countries which are home to multinational corporations or hosting stock markets where international corporations are listed to legislate transparency provisions in their laws and regulations and to fight illicit capital flows, bribery and tax evasion. The more universal these provisions are the better. Thirdly, the voice and participation of affected communities, especially women and indigenous populations, must be boosted. Fourthly, we must deal prudently with large revenue flows, enhance transparency and public information and invest in sustainable human development to balance countries' short-term priorities with ensuring long-term development benefits.

Let me expand. First, we need robust legal and policy frameworks that enable countries to negotiate fair contracts and establish clear and transparent rules of the game to guide both Governments and companies. Such legal and policy frameworks need also to protect communities with social and environmental safeguards, prevent illicit capital flight and tax evasion and build institutions and governance systems with the capacity to enforce laws and negotiated agreements. Too often, good rules go unenforced.

Given the conflicting interests and multifaceted challenges inherent in the process, UNDP has been most valuable as an impartial facilitator, working with the full range of development actors and stakeholders. We help Governments know what to expect, access technical support, lessons learned and best practices, including through South-South and triangular cooperation, identify capacity gaps, establish concrete action plans and secure the support they need to narrow asymmetries.

In Tanzania, Liberia and Sierra Leone, UNDP has supported Governments in monitoring contracts and rectifying information and bargaining asymmetries. In Afghanistan, we supported the Ministry of Mining in building its national capacities and through it to establish basic regulations for the sector. In Tanzania, the Sudan and Zimbabwe, through the Global Environment Fund, we have introduced cleaner gold mining and extraction technology as critical environmental safeguards to protect communities.

The second area demanding more attention is the involvement and active participation of affected communities. Countries working with development partners should take measures to ensure full participation of communities, especially women, indigenous and vulnerable groups. We have learned from experience that the involvement of communities from the start is critical to preventing misunderstandings, defusing tensions and preventing conflict.

Through the European Union-United Nations partnership on natural resources, conflict and peacebuilding, UNDP works with civil society groups in the Democratic Republic of the Congo, Rwanda, Burundi and Uganda to establish conflict resolution

mechanisms that can lessen tensions over land and revenues. We have also supported the strengthening of national human rights institutions in the protection of people's rights and in building the capacities of communities and civil society so that they can be better informed as they press for more evidence-based and thoughtful policies. Those efforts should be expanded to help companies fulfil their obligations under the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact.

Thirdly, countries need support in prudently and transparently managing large revenue inflows and in investing them well. In that regard, the work of the Extractive Industries Transparency Initiative, Revenue Watch, Publish What You Pay and the Africa Progress Panel, whose Chair, former Secretary-General Kofi Annan, spoke earlier, are critical, and very important steps forward. The recent Group of Eight meeting also included an important discussion on transparency measures. Clear and transparent processes, an empowered and informed civil society and media can help ensure remedial action against corrupt practices. UNDP has a long-standing record in enhancing the capacity of civil society actors to scrutinize private and public actions and also to close the gap between transparency and accountability.

Finally, countries must be supported in their efforts to effectively invest the revenue generated from natural resources in sustainable human development for the long term, especially in health, education and infrastructure. Benefits must help communities and allow for the diversification of economies, so resources do not go only to the big infrastructure projects that end up concentrating benefits in the same sectors that are already benefitting from resource inflows.

In Azerbaijan and Mongolia, UNDP supported efforts to establish insulated investment funds. Mongolia in particular has established a fiscal stability fund and a human development fund. In Angola and Kazakhstan, UNDP has helped to put together programmes that encourage extractive industries to break out of their enclaves and work with local businesses and entrepreneurs to generate needed skills, provide on-the-job training and involve them in supply chains. It is important that the extractive sector generates jobs at an early stage, especially in affected communities and for ex-combatants and vulnerable groups. Unfortunately, resource extraction itself creates few jobs, which is why successful programmes such as those are so important.

I am confident that conflict-affected countries can harness the great potential of natural resources to deliver such results. The world cannot afford not to deliver the stepped-up support that will require. Population growth, climate change and scarce natural resources threaten to conspire to make conflict related to natural resources a definite threat to global peace and security in this century. UNDP looks forward to working with all partners to deliver the development response it demands.

The President: I thank Ms. Grynspan for her informative briefing.

I shall now give the floor to the members of the Security Council. I would like to remind them of the agreement reached in presidential note S/2010/507, of 26 July 2010, that statements should be delivered in five minutes or less.

Ms. Rice (United States of America): I would like to start by underscoring the condemnation of the United States of the terrorist attack on the United Nations compound in Mogadishu. Our deepest sympathies go to the injured as well as the families of the deceased and the people and Government of Somalia.

I would like to thank you, Mr. President, for convening this important debate on conflict and natural resources. I would also like to thank Deputy Secretary-General Eliasson, Mr. Annan, Ms. Anstey and Ms. Grynspan for their briefings.

Since 1990, at least 18 armed conflicts have been fuelled by the exploitation of natural resources. At least 40 per cent of all intra-State conflicts over the past 60 years have a link to natural resources. The Security Council is currently dealing with several countries in conflict where natural resources have played a central role. From diamonds in West Africa to coltan in the Great Lakes region, the irresponsible exploitation of, and illicit trading in, natural resources have financed conflict, motivated antagonists and increased susceptibility to conflict by fomenting corruption and competition for wealth. For evidence we need look no further than the horrors perpetrated in Sierra Leone in the 1990s, or the current conflicts in the Democratic Republic of the Congo and the Central African Republic. Moreover, the illegal exploitation of extractive resources often contributes to the unravelling of post-

conflict peacebuilding processes. Conflicts associated with natural resources are twice as likely to relapse in the first five years. Societies that cannot responsibly manage the wealth of their extractive industries are at higher risk of instability and violence.

In short, the illegal extraction of, and trade in, natural resources are directly related to international peace and security and to the Council's business. National Governments must lead in responsibly managing their countries' natural resources for the benefit of their peoples, but the international community must support them in doing so by reducing the opportunity for corruption and helping to strengthen national Governments. The United States actively promotes responsible behaviour on the part of American companies in line with the United Nations Guiding Principles on Business and Human Rights. In July 2010, the United States Congress enacted legislation aimed at diminishing the potential for mineral-supply chains to contribute to violence. Companies listed on United States stock exchanges must now submit annual descriptions of their due diligence on the sourcing and chain of custody of conflict minerals from the African Great Lakes region. That legislation also raised transparency standards in the extractive industries by requiring the disclosure of payments to Governments for the commercial development of oil, gas and mineral resources by certain companies. We welcome last week's vote by the European Parliament to adopt a similar rule.

The United States also supports several related global initiatives. The Kimberley Process, which the United States chaired last year, strengthens governance in international trade in mineral commodities. Since its inception, it has helped to reduce the trade in conflict diamonds to less than 1 per cent of the world's total rough-diamond trade, down from an estimated 15 per cent in the 1990s. Multiple stakeholder partnerships among Governments, the private sector and civil society, such as the Extractive Industries Transparency Initiative (EITI), are making significant progress in addressing the link between extracted resources and conflict. The United States urges all countries to embrace the EITI principles of revenue transparency and to support the Voluntary Principles on Security and Human Rights initiative, which promotes the adoption by oil-and-gas and mining companies of operational security measures that respect human rights.

However, intergovernmental regimes and multi-stakeholder partnerships are necessary but not sufficient. The Security Council must act as well. Since the Council last addressed natural resources and conflict, in 2007 (see S/PV.5705), it has reinforced the Kimberley Process's actions on sanctions regimes for diamonds in Côte d'Ivoire and Liberia, and it has endorsed due-diligence guidelines on conflict minerals in the Democratic Republic of the Congo. We have also imposed and lifted a timber ban in Liberia and imposed a ban on charcoal exports from Somalia. In addition, in April 2012, under the presidency of the United States, the Council called on the United Nations system to strengthen Member States' capacity to secure their borders in order to combat the transnational flow of illicit goods that can fuel conflict and breed insecurity (see S/PV.6760). Whether the Council is imposing sanctions, authorizing field missions or supporting mediation efforts, it must continue to give attention to such threats.

Natural resources remain indispensable to many countries' economies. When managed and traded responsibly, they can accelerate development and improve living standards for millions. But when exploited for the benefit of the few, or co-opted for nefarious purposes, they can fuel corruption, violence and conflict. States fortunate enough to be endowed with such wealth owe at least this to their people, and we who sit on the Council owe it to them not just to discuss the challenge it presents but to act in the numerous real-world cases where the illicit extraction of, and trade in, natural resources threatens international peace and security.

Ms. Lucas (Luxembourg) (*spoke in French*): I, too, would like to condemn as strongly as possible this morning's attack on the United Nations compound in Mogadishu, and to express my sincere condolences to the families of the victims of that cowardly attack.

I would like to thank the British presidency of the Security Council for choosing the subject of the prevention of conflict and natural resources for this debate, — a highly pertinent topic, as the Council's work regularly demonstrates.

My delegation associates itself fully with the statement to be delivered by the observer of the European Union.

I would like to thank Deputy Secretary-Genera Jan Eliasson, Director General of the World Bank Caroline

Anstey and Associate Administrator of the United Nations Development Programme (UNDP) Rebeca Grynspan for their briefings. I also thank former Secretary-General Kofi Annan for his briefing and his leadership on improving equity in the extractive industries in Africa.

Just as intra- or inter-State competition for natural resources can be a cause of armed conflict, so their illegal exploitation and commercialization can often help to finance and prolong those same conflicts. At the local level, conflicts between communities and mining enterprises can lead to violent encounters, whether over issues of property rights or sharing in the benefits of the exploitation of resources. At the national level, revenue losses from such exploitation can mortgage development dividends and thus undermine the possibility of achieving lasting peace.

In order to effectively combat instability and violence in countries rich in natural resources, it is essential to use a comprehensive approach that links instruments of preventive diplomacy, sustainable development, responsible trade and security that respects human rights. The Security Council has an unquestionable role to play in that process. Among the tools available to it are, first and foremost, United Nations missions. In our view, giving support to States, depending on the situation, with a view to combating armed groups and criminal networks that profit from the illegal exploitation of natural resources is most relevant. The same could be said of support given to States to help them strengthen their capacity to manage public finances and combat corruption, using the framework of United Nations special political missions and integrated offices. Close coordination with all relevant actors in the field — namely, the United Nations, the international financial institutions and other international partners — is necessary in that regard.

A coherent approach would make it possible to strengthen the capacities of the State to prevent the loss of revenue needed for the development of the country, which could result from illegal mining operations or from dishonest accounting practices. In order to prevent conflicts, the Council should give priority to such issues when it establishes or renews mandates. Such an integrated and coherent approach should also be taken into account when drawing up sanctions regimes. We feel it would be appropriate for the sanctions committees, and the panels of experts assisting them, to exchange information on how to best cooperate actively on those matters.

Finally, good management of natural resources is a national priority for countries that are on the agenda of the Peacebuilding Commission (PBC). We feel that greater interaction between the Council and the PBC country configurations would be appropriate.

We welcome the progress made towards greater transparency under such voluntary initiatives as the Extractive Industries Transparency Initiative or the United Nations Global Compact. However, such voluntary initiatives by themselves are insufficient; hence the importance of having a legal framework in place to ensure that extractive industries make public all information relating to amounts paid to national Governments. European directives on accountancy and transparency follow that approach. We also welcome the declaration adopted yesterday by the Group of Eight stressing that transparency must be the catchword for State revenue and land transactions and that minerals must be extracted from legitimate sources, not pillaged from conflict areas.

For its part, the African Union adopted its Africa Mining Vision in 2009, which promises

> "equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socioeconomic development."

African leaders who are prepared to implement the vision in their respective countries deserve our full support. We also welcome the commitment of civil society, particularly in areas of conflict, for the formulation of transparent and responsible policies.

Finally, Luxembourg welcomes the trend in the discussions of the High-level Panel of Eminent Persons on the Post-2015 Development Agenda, which accords central importance to peace, the creation of effective, transparent and responsible institutions for everyone, and the fight against inequality. My country will continue to support our partners' efforts, particularly in Africa, aimed at an equitable distribution of resources, which is indispensable for just and lasting peace.

I would like to thank the President for placing this subject on the Council's agenda, and we regret that no agreement was reached on a draft presidential statement, despite the efforts of the presidency.

Mr. Masood Khan (Pakistan): We condemn the dastardly attacks on the United Nations compound in Mogadishu and convey our deepest condolences to the families of the victims in the Somali Government.

We thank you for convening this open debate, Sir, and particularly for your concept paper (S/2013/334, annex), which clearly highlights the correlation between conflict and natural resources and outlines a practical strategy for mitigating the potential risks. We agree with the Council that effective and transparent management of a country's natural resources can be critical to preventing conflict. Natural resources, such as oil, gas, minerals and timber, are nature's bounty. In many countries the proceeds of extractive industries have brought economic prosperity and development. But in many other countries, regrettably, natural resources have become detrimental to economic development. In some instances, national and international elites exploit natural resources, and Government officials and mining corporate executives collude to siphon off exorbitant profits that rightfully belong to the people.

It is true that extractive resources are not the only cause of conflict. Poverty, ethnic and religious strife and bad governance often exacerbate the tensions created by the mismanagement of natural resources. High dependency on extractive industries, combined with unsettled disputes, lead to competition and conflict over resources. Greater transparency enables citizens to hold Governments and corporations to account and ensure that the proceeds from extractive industries are used for the public good.

Historically, almost all countries have experienced conflicts triggered by natural resources, but today many resource-rich countries in Africa are convulsed by warfare. The Council's presidential statement on conflict in Africa adopted in April (S/PRST/2013/4) expressed concern at the role played by the illegal exploitation of natural resources in fuelling some past and current conflicts. In that regard, nature's bounty has become a cause of suffering in several countries. Elites profit from their land and fight for the spoils, but the people remain poor. The conflicts in Sierra Leone, Liberia and Côte d'Ivoire, initially triggered by long-standing grievances, were aggravated and prolonged by illegal exploitation of natural resources. Experts point out that Côte d'Ivoire, Liberia and the Democratic Republic of Congo suffer from their incapacity to effectively manage their immense natural wealth.

Natural resources continue to be illegally exploited to finance militant activities, which reignites conflicts. We know that there is no panacea or shortcut for addressing the distortions created by the illegal or inefficient exploitation of natural resources. A coherent, strategic approach is needed. The United Nations is a natural partner for countries caught in conflict over natural resources. The Security Council's embargoes and sanctions, experts' advice and the capacity-building exercises undertaken by United Nations peacekeeping missions and other United Nations entities have helped to limit the menace. Its eradication will be a lengthy process.

In our view, a strategic approach should include the following elements. First, the Security Council should devote more attention to natural resources in conflict situations. Secondly, the Council should target measures against those responsible for violating its embargoes and for illegally exploiting natural resources. Thirdly, more resources should be allocated to peacekeeping and to special political missions in order to assist affected countries in building their institutional and legal capacities. Fourthly, regional approaches are essential when there is a cross-border dimension of the illicit trade in resources. In that regard, the adoption of the African Mining Vision by the African Union in 2009 is an important step. Reform of the Extractive Industries Transparency Initiative and the Kimberly Process Certification Scheme would also help. Fifthly, mining companies should be held accountable if they engage in illicit activities. The private sector, when entering into natural resource contracts, should ensure that the land ownership and other rights of local communities are fully respected. Finally, we should use the full potential of the Peacebuilding Commission in assisting transitions from natural resource conflicts and encourage such countries to work more closely with international financial institutions to build pressures for transparency.

Mr. Briens (France) (*spoke in French*): At the outset I would like to echo previous speakers in condemning the cowardly attack that took place this morning in Mogadishu and express our condolences to the families of the victims, to the United Nations staff and to the Somalian authorities. I would like to thank the Deputy Secretary-General, Mr. Jan Eliasson, Mr. Kofi Annan, Ms. Rebeca Grynspan and Ms. Anstey for their briefings.

The issue of managing and controling natural resources, in particular those of the the extractive industry, is a key issue with regard to maintaining international peace and security. A number of conflicts are related to the issue of natural resources, and that trend will accelerate in the coming years given the increasing pressure upon such resources. We would therefore like to thank the United Kingdom presidency of the Security Council for organizing this debate on what is really a major issue at the heart of the Security Council's mandate, especially within the perspective of conflict prevention.

International law confers upon States special prerogatives with regard to natural resources; they have sovereign rights over those resources. The Security Council's role is not to question such rights in any instance, but to consider situations in which natural resources play a role in conflicts. There are many such situations. We therefore regret the fact that the Security Council cannot adopt a text on the issue because of the objections of one delegation.

In some cases, it is the way in which natural resources are managed that can lead to conflicts. There are many such examples. The civil wars in Liberia, Angola and the Democratic Republic of the Congo all share a sommon aspect: resources such as diamonds, gold, minerals and oil. In other cases, the exploitation of natural resources or of wildlife can fuel conflicts through the purchasing of weapons and payments to armed groups, as for example in the Kivus.

Unfortunately, those factors can some together, resulting in suffering for civil populations.Children are often recruited to work in mining. Ms. Bangura, Special Representative of the Secretary-General on Sexual Violence in Conflict, has also pointed out in her most recent report the correlation between armed activities related to illegal mining and sexual violence.

While tensions around natural resources have major consequences on the stability of a region, that should not allow us to forget that the sound management of natural resources is essential in the reconstruction phase and would prevent a relapse into conflict. By benefitting economic development, the sound management of resources also contributes to peacebuilding. We see that, for example, with the normalization of relations between the Sudan and South Sudan with regard to the oil sector, which is one of the necessary preconditions for stabilizing their relations and, beyond that, for their development. In the eastern part of the Democratic Republic of the Congo, addressing the issue of sharing resources and arable land is an matter that is vital to putting an end to the repeated crises in the region.

Clearly, the issue of natural resources and their management is far from being the only cause of conflict, but it is a deep-rooted and lasting one that, as we have seen, can affect all phases of a conflict. Good management of such resources is an important element in good governance, which in its turn is essential for maintaining stability. It is important that local people be able to enjoy the benefits of their resources in order not to fuel tension. The Security Council has a responsibility to encourage initiatives that ensure proper, lasting and responsible management. It must support measures that can establish the basis for lasting peace.

Aware of all those challenges, the international community has gradually established means to ensure proper management of natural resources, and we must support those initiatives. To combat the pillaging of natural resources, France supported, in the General Assembly and the Security Council alike, the establishment of the Kimberley Process certification scheme, which establishes a certification mechanism for the source of diamonds. Those efforts must be carried out at the level of States as well as that of private-sector companies, and they can also be supported by civil society. Frances supports the Extractive Industries Transparency Initiative, which on a voluntary basis brings together Governments, mining companies and non-governmental organizations. The initiative has as a goal to ensure that those resources serve development and not fuel ongoing conflicts. That is also a historic step forward in combatting corruption, given that it aims to make Governments accountable to public opinion for their use of mining-sector resources. Private companies play a key role in the effective, transparent and responsible management of such resources. It is important to continue to encourage them to sign on to the United Nations Global Compact, through which they would align their operations with the 10 universally accepted principles concerning human rights, labour standards, the environment and combating corruption.

I should like to conclude by emphasizing that the United Nations system, including the International Monetary Fund and the World Bank, can play a very useful supporting role vis-à-vis States that wish to establish transparent institutions responsible for

managing their natural resources and to avoid the illegal exploitation of those resources, thereby promoting sustainable development. But to fully benefit from the involvement of the various players in the United Nations system, we must enhance coordination. I would like to note that the current example of the involvement of the World Bank in bringing States of the Great Lakes region closer together through the Secretary-General's Framework Agreement is promising.

In conclusion, we believe that in future it is important that the Security Council continue to review the issue of the management of natural resources, whose consequences for international peace and security, as we have seen, are considerable.

Mr. Menan (Togo) (*spoke in French*): I would like to thank the delegation of the United Kingdom for having organized this debate on the link between natural resources and conflicts, six years after this was initiated, in 2007, by Belgium. I would also like to thank the Deputy Secretary-General, Mr. Jan Eliasson; the Chair of the Africa Progress Panel, Mr. Kofi Annan; and the representatives of the World Bank and the United Nations Development Programme for their briefings introducing the issue.

Togo welcomes the increasingly established recognition of the link between the access, control, exploitation and management of natural resources, on the one hand, and, on the other, the emergence, escalation and prolongation of conflicts. With regard to what is at stake with those resources in the context of the maintenance of international peace and security, this issue should not be seen exclusively from the perspective of development. The issue of natural resources should, rather, be of greater interest to the Council, not just with regard to conflict management, but it should also be increasingly considered from the point of view of prevention. We believe that the Security Council should not take a wait-and-see approach, nor wait to manage conflicts once they break out. On the contrary, we should try to anticipate conflicts by adopting appropriate measures in conformity with the norms and principles of the Charter of the United Nations.

In the majority of countries on the agenda of our Council, particularly in Africa, the conflicts that have broken out are, broadly speaking, fuelled by covetousness for the natural resources of the given country. During the conflicts, the illegal exploitation and trade in natural resources helps to finance the purchasing of weapons and ammunition and to pay combatants, which, in turn, fuels the conflicts. In certain cases, the conflicts simply serve to enrich the leaders of the militias and armed groups, who benefit from the economy and state of war. There are examples of many countries in Africa, Asia and the Middle East that illustrate that during civil wars, diamonds and other precious minerals, timber and oil in particular, have been used to finance military action and have given rise to systematic violations of human rights.

The drive for natural resources that results from the economic and strategic stakes associated with the exploitation of natural resources, renewable or non-renewable, leads multinational companies, economic and political lobbies and foreign Powers to take advantage situations of underlying crises or to benefit from ongoing conflicts to gain control over those resources in order to obtain disproportionate concessions. That direct or indirect involvement by multinationals and foreign Powers in conflicts is often illustrated by the contracts that are signed, sometimes before the end of the conflict, between said companies and the future victors.

Although there are judicial mechanisms in place to ensure that belligerents are held responsible for the crimes and violations of human rights they commit, private multinational companies and States involved enjoy complete impunity. In order to put an end to that situation of impunity for multinationals, Togo feels that international justice institutions and the States where the companies are based should have the duty to carry out transparent investigations on the role that they have played in the outbreak and the continuation of a conflict.

With respect to monitoring mechanisms and the exploitation of and trade in natural resources, Togo believes that the Kimberley Process, which has logged some successes, should be adapted to make it more effective in reducing the predatory mining of diamonds, which has often been used to finance certain crises in Africa. Togo also supports the idea to extend the principle of transparency and traceability to natural resources other than diamonds.

We firmly believe that transparency in the exploitation and management of those resources is a key tool in ensuring the accountability of both Governments and multinational corporations that are active in the

sector. That is why my country encourages all of the national and international mechanisms aimed at greater transparency and accountability, such as the Extractive Industries Transparency Initiative, which Togo signed on 22 May. We also welcome the positive impact of the threat or imposition of sanctions in encouraging Governments or partners to carry out reforms in the area of natural resources.

Natural resources need not become a cursed element of conflict in the countries so endowed. In the case of Togo, if measures are taken early enough to reduce domestic conflict by promoting good management and the improved redistribution of profits, then the exploitation of such resources should help to avoid economic marginalization, while ensuring development, security and peace.

To that end, it is important to strengthen State capacities to establish efficient governance in the natural resources sector in order to optimize revenue, particularly through transparent procedures in the allocation of mining and trading licenses, as well as in controlling the sector. Such strengthened capacity should also complement the political and legal framework established by Africa Mining Vision — whose outcome document was adopted in 2009 by the African Union — with a view to establishing a strategic planning framework linking mining with development and transforming the same into a potential economic source of wealth in Africa to benefit peace.

It is important to call for the greater involvement of civil society in the good management of natural resources and for deeper consideration of the risks associated with mining and oil extraction activities, particularly in terms of society and the environment.

I would like to conclude by expressing my country's disappointment that, owing to certain inflexible positions, the Council has been unable to agree on a presidential statement that could have reflected the attention that it should pay to the link between natural resources and conflict. My country hopes, however, that today's debate will enable the drafting of new measures or the improvement of existing ones aimed at breaking the links between natural resources and conflict, so those resources will no longer serve as a curse, but will become a blessing for the countries so endowed, in particular the African countries.

Mr. Wang Min (China) (*spoke in Chinese*): China is shocked by the attack on the United Nations compound in Mogadishu, which has resulted in casualties to Somalia's Government and its people. We express our sympathies to the United Nations staff affected.

I thank Deputy Secretary-General Eliasson for his briefing. We have also listened attentively to the interventions of Mr. Annan, Managing Director Anstey of the World Bank and Under-Secretary-General Grynspan.

Natural resources form the material foundation for human survival and development and play an important role in promoting countries' economic growth and development. However, in some conflict regions, the illegal exploitation of and trafficking in natural resources and their irrational use and distribution will likely become major factors in triggering and fuelling conflict.

Addressing the problem of conflict resulting from the abuse of resources requires a multifaceted industrial mix and a pattern of sustainable economic growth, which are needed for the promotion of sustainable development. On the other hand, the factors leading to armed conflict are numerous and complex, involving political, economic, social and other factors. Nevertheless, natural resources are not a direct cause of conflict.

Allow me to stress the following points on the relationship between natural resources and the prevention of conflict. First, the domestic sovereignty of States over their natural resources must be respected. All States possess inalienable sovereignty over the resources within their territory. Given the rights and duties of those countries, which include managing and using their natural resources, the exploration, development and use of those resources should be determined by the people of the country itself. The international community should respect that principle in conducting resource-related cooperation. In particular, it should respect the ownership by the country in conflict in efforts to improve the management and use of resources and to ensure that the people of the country concerned will benefit from them.

Secondly, United Nations agencies and programmes should enhance coordination in that area and together assist conflict-affected countries to improve the management of their natural resources. They should also work within their respective remits and avoid repetition. China supports the efforts of the General Assembly and the Economic and Social Council, inter

alia, in continuing the discussion on the management and use of natural resources. In formulating integrated peacebuilding strategies, the Peacebuilding Commission should bolster the important area of natural resources management in post-conflict resolution and reconstruction. The United Nations special missions and various specialized United Nations development agencies should integrate their resources and synergies in order to support countries in conflict in their efforts to strengthen capacity-building and the rational development and use of their natural resources.

Thirdly, from its vantage point, the Council should play its natural role in carrying out its responsibilities. As the main United Nations organ responsible for the maintenance of international peace and security, the Council should place greater reliance on mediation and good offices efforts. The Council must prioritize the prevention and resolution of conflict when it seeks to effectively fulfil its responsibilities in safeguarding international peace and security. Therefore, sanctions imposed by the Council should not serve as a means in themselves, but should be specifically targeted to avoid adverse impacts on the country's use of natural resources while it is subjected to sanctions.

Fourthly, it is imperative to devote greater attention to the role of regional organizations and relevant mechanisms. In recent years, the African Union and other regional and subregional organizations have played an important role in encouraging African States to bolster their resource management and development efforts and improve the integrated management of natural resources.

Intergovernmental mechanisms, such as the Kimberley Process, have played an outstanding role in curbing illegal trafficking in natural resources. Those mechanisms should be encouraged to play a mutually complementary role with the efforts of the affected countries and the United Nations so as to ensure further contributions in that area.

Transforming a country's natural resources into the opportunity to create an enhanced future requires the coordinated efforts of countries and the international community. China supports the efforts of the relevant United Nations agencies, based on their respective mandates and the distribution of labour, in assisting the countries affected to shake off the curse of natural resources and promote their use and development.

Mr. Churkin (Russian Federation) (*spoke in Russian*): We would like to echo the words of previous speakers in condemning the attack in Mogadishu.

Natural resources are above all a major factor of sustainable development. They often underpin the economies of many developed and developing countries. States possess inalienable sovereign rights over their natural resources and, rightfully, autonomously determine their approach to the management of those resources based on their priorities, needs and capacities and in line with their national legislation and pursuant to their international legal commitments.

In line with the principle of inalienable sovereignty over natural resources, the combat against illegal activities in the mining sector is also the prerogative and responsibility first and foremost of the Governments and the countries that possess such resources. Armed conflicts, whether internal or international, can exacerbate problems related to the illegal exploitation of natural resources, which may become the target of seizure by foreign States or be appropriated by illegal armed groups. However, in both cases the source of the conflict is not natural resources as such but the aggressive acts committed by one or the other force.

In individual cases of armed conflict, following a serious analysis and a detailed discussion of the prevailing circumstances, the question might arise of introducing international sanctions. However, such mechanisms can be adopted by the Security Council only in the case of specific violators whose actions fuel hotspots of instability. Such measures should be introduced on the basis of the Charter of the United Nations, be targeted in nature and take account of the negative humanitarian consequences thereof for the population as a whole.

We view as dangerous attempts to introduce automaticity in the sanctions mechanisms or to introduce, through the Security Council and not in line with its mandate, quasi-sanction instruments by broadening the practice of the certification of raw materials. It would be even more dangerous to do so on the basis of superficial, rash conclusions and broad generalizations, without taking account of the particular nature of the situation in a given country, which can play a critical role in a specific context.

With reference to conflicts, we must point out that the root cause is not natural resources per se but the social tensions that give rise to poverty and inequality,

as well as the often unfavourable economic climate resulting from the imprudent, irresponsible financial and trade policies of influential countries. However, United Nations specialized agencies are seeking to address those problems. They are giving countries, at their request, targeted policy and expert support as well as support in strengthening State structures.

With regard to the illegal trade in natural resources, we would stress that there are always two parties involved and that buyers must bear their own share of responsibility. A blatant example of fuelling a conflict through the illegal exploitation of and trade in natural resources is the decision taken by many countries to buy oil from areas in Syria that are controlled by illegal armed groups.

Ms. King (Australia): Allow me to begin by condemning this morning's appalling attack on the United Nations compound in Mogadishu. We convey our condolences to the families of the victims and express our solidarity with the United Nations and with the Somali Government and people.

Mr. President, we are grateful to you for having convened this important debate today, and we thank the Deputy Secretary-General, Mr. Annan, Ms. Anstey and Ms. Grynspan for their informative briefings.

Since the last Council debate on natural resources and conflict, held in 2007 (see S/PV.5705), good work has been done, including by the Council's sanctions Committees and their expert groups, to understand and address the impact of natural resources management in countries prone to conflict. But it is timely that we look again at this link and at the Council's role in ensuring that natural resources benefit rather than destabilize countries.

The continued demand for commodities and energy is driving growth, trade, investment and job creation in resource-rich countries. For developing countries, revenues from natural resources can, as Mr. Annan has said, lead to sustained high growth and thereby ensure development. In 2009, Africa's natural-resource exports were worth $246 billion, six times more than the total aid inflows. Putting in place the proper systems to manage natural-resources revenues can deliver benefits well into the long term.

As we all know, however, there can be a correlation between natural resources and conflict. In 2007, the Council recognized part of this equation: the destabilizing impact of the illegal exploitation of and trafficking in natural resources. That can fuel armed conflict, weaken State institutions and set back development.

Beyond illegal activity, though, failure to manage natural resources transparently and sustainably can be a factor in exacerbating conflicts or provoking new ones. Mismanagement of extractive industries can entrench corruption, undermine governance and State institutions, and exacerbate tensions over revenue distribution, employment opportunities and land rights.

Effective and transparent resources management should be part of the international community's assistance to resource-rich developing countries. Australia's 2011 Mining for Development Initiative was created in response to requests from our partner countries to share our experience and support them in maximizing the economic benefits from their extractive sectors in a socially and environmentally sustainable way.

The Security Council has a role in reducing the risk of conflict and instability where natural resources exploitation and management are a factor. It has taken targeted Chapter VII measures to prevent funds derived from the illegal exploitation of such resources from fuelling existing conflicts, for example in Liberia, Somalia and Côte d'Ivoire. However, it needs to broaden its understanding of this issue and take a more proactive approach.

I will focus on three areas.

First, the Council needs to work more strategically with the regional and global initiatives that have been effective in helping countries to establish well-regulated and transparent natural-resources industries. The Extractive Industries Transparency Initiative (EITI), which already works in partnership with several Council-mandated missions, is a prime example. The EITI Global Conference, hosted by Australia last month, launched new, stronger standards to enhance the consistency and quality of the information reported by implementing countries.

Another such initiative with a long-standing relationship with the Council is the Kimberley Process. That scheme has successfully curbed the flow of conflict diamonds to rebel groups in a relatively short period of time, since 2003.

Regional organizations are also taking forward important work. The African Mining Vision, with its framework for transparent, equitable and optimal exploitation of natural resources, is a strong example.

The Council needs to forge partnerships with those initiatives. It should seek to reference them in the relevant statements and mandates so as to ensure that United Nations actors in the field work with others in assisting national Governments build transparent and accountable institutions.

Secondly, the Council needs to have more confidence in using the sanctions tools already available to it to prevent, or at least limit, the abuse of natural resources to fund conflict. Through the careful design, implementation and monitoring of such measures, the Council has gone some way towards minimizing the misuse of resources to fund conflict. That experience proves that those measures can enhance security. The Council should apply those measures where circumstances warrant.

Thirdly, the Council must provide peacekeeping and political missions with the appropriate mandates and tools to assess potential threats associated with natural resources, assist Governments to build their capacities to manage their resources effectively, and work with the private sector and civil society to bolster their efforts. Security Council resolution 2098 (2013), which extended the mandate of the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo, provides a strong model.

There are, of course, other United Nations actors that play a vital role in this area, including the Peacebuilding Commission (PBC). The Council should listen to the PBC's advice with respect to country-specific situations where natural resources are driving destabilization.

The private sector, too, must undertake its business in a manner that not only respects human rights but also establishes mutually beneficial arrangements with national Governments and local communities to promote development and employment, which contribute to conflict prevention.

Finally, we are disappointed that the Council was unable to agree on a presidential statement which could have advanced our consideration of this issue. We regret the lack of flexibility in our efforts to achieve a consensus outcome. Looking ahead, the Council should continue to focus on the nexus between natural resources and conflict prevention. We thank the Deputy Secretary-General for making clear the commitment of the United Nations to addressing this also, and we encourage the Secretariat to deepen its own understanding and analyses of these links so it can inform the Council's deliberations.

Mr. Bouchaara (Morocco) (*spoke in French*): At the outset, I should like to condemn in the strongest terms the attack that took place today in Somalia and to convey our sincere condolences to the Government and the people of Somalia and to the families of the victims.

I should like also to thank the delegation of the United Kingdom for having convened this important debate. We express our gratitude to the Deputy Secretary-General, Mr. Eliasson; Mr. Kofi Annan; Ms. Caroline Anstey; and Ms. Rebeca Grynspan for their briefings and the very useful information that they provided.

Natural resources play a driving role in national economies, and their exploitation can be a positive factor in promoting development and strengthening the mechanisms of social cohesion, co-development and cooperation, in accordance with the provisions of international law. There is no doubt that the transparent and inclusive management of natural resources, — in harmony with the rule of law, reflecting the political orientations of the constitutional institutions of States, and responsive to general and local interests — contribute to economic growth and stability.

It is important to recall in the context of this debate that every State freely enjoys full and permanent sovereignty over all its wealth, natural resources and economic activity, and may therefore use such resources in line with its own national interests. All Governments are responsible for ensuring conditions conducive to the equitable distribution of the income derived from the exploitation of natural resources in order to promote humane, sustainable and inclusive development, pursuant to its own priorities.

If the issue of natural resources is being addressed in the context of today's debate, it is unfortunately because, in some cases, such resources — being either abundant or rare — contribute to sparking or perpetuating conflict. In that regard, the Security Council has established mechanisms to limit the use of natural resources in financing or prolonging crises or conflicts situations, particularly in the Mano River

basin and the Great Lakes region. With a view to brevity, I wish to insist on the following three aspects of this issue.

First, the difficulties encountered by States in monitoring the vast expanses that harbour their natural resources, controlling their borders, regulating the exploitation of their natural resources and managing them correctly are serious problems that need to be addressed. It is important for the international community and the various United Nations agencies to coordinate their efforts better and provide the support necessary to countries emerging from or in conflict in order to strengthen their institutions and national capacities, in full respect for their sovereignty. We believe that the Peacebuilding Commission also has an important role to play in that respect.

Furthermore, fair economic relations that ensure sufficient resources for populations affected by conflict and promote the sustainable exploitation of natural resources can contribute to efforts to re-establish and build peace. In that regard, the international financial institutions, subregional and regional integration processes, the private sector and civil society can play a lead role.

Finally, the channels whereby natural resources can contribute in some cases to conflict are closely linked to the economic and social structures of the State, stability and good governance. They therefore require integrated approaches promoting peace and development. That is why we believe that this important theme should be considered in a context that transcends the issue of peace and security. We should also address the issues of development and the environment in the framework of broadened consultations between the various United Nations entities concerned.

Mr. Rosenthal (Guatemala) (*spoke in Spanish*): With respect to what occurred this morning in Mogadishu, the human face of these events was dramatically described by my neighbour at this table, Rebeca Grynspan, when she noted that one of her staff members who died had left her six-year-old son an orphan. I trust that our press release shall convey an equally humane dimension of the senseless, direct attack on the United Nations.

We thank you, Sir, for convening this open debate. We appreciate the presence of Deputy Secretary General Jan Eliasson and the important contributions made by Caroline Anstey, Rebeca Grynspan and Kofi Annan. We would also like to thank you for the concept note circulated for this debate (S/2013/334, annex). I will limit my comments to five points.

First, there are certainly situations, in particular in the African continent, where the struggle over the control of natural resources can lead to conflict, even conflicts deep-rooted enough to constitute threats to international peace and security. However, there are other situations where the struggle over natural resources can create tensions that do not rise to the level of threatening international peace and security. In the majority of cases, there is no relationship between natural resources and conflict situations. That is to say, the jurisdiction of the Security Council in relation to this area is very limited.

Secondly, that having been said, we recognize that the exploitation of natural resources is a double-edged sword, or, as one speaker put it, can be either a blessing or a curse. It undoubtedly generates potential benefits for the host countries, but as we have heard, it sometimes becomes a source of adverse phenomena, including high levels of corruption, displacement, environmental degradation, and grave violations of human rights. In extreme cases, their exploitation has been linked to internal conflicts or even to regional conflicts associated with the control of those natural resources or their illegal trafficking. Diamonds and river-bed gold mining are cases in point.

Thirdly, the Security Council must consider the potential link between the management of natural resources and the prevention of conflicts on a case-by-case basis, and only to the extent that they may be relevant to the particular context. In many situations, the Security Council has adopted specific mechanisms, such as those envisaged by the sanctions committees and their expert groups, in addition to the mandates of peacekeeping operations. Currently, there are at least two countries that have export bans on a natural resource: Côte d'Ivoire and Somalia. In Somalia's case, the Monitoring Group states that the illegal export of vegetable carbon still accounts for some 10 per cent of Al-Shabaab's financial backing, despite its prohibition. This debate must strengthen our commitment to ensuring that sanctions that are currently imposed are fully implemented.

Fourthly, the strategic nature of natural resources requires cooperation frameworks to be more effective and firm. We recognize current initiatives, such as the Kimberley certification process system, the

Extractive Industries Transparency Initiative, and the International Tropical Timber Agreement. We value tripartite initiatives between Governments, the private sector and civil society that promote transparency and the responsible management of the extractive sector.

Finally, in discussing the role of natural resources, a wider context to consider is the collective legacy that we are leaving to future generations. There are some countries that are not on the agenda of the Security Council, but whose carbon emissions are causing the average global temperature to rise about 4 degrees, which can cause a calamity of global dimensions. The United Nations is currently reviewing its development agenda with the aim of agreeing on a set of post-2015 global goals. Challenges such as climate change and water scarcity must be carefully addressed so that such issues are not the main drivers of conflict in the near future.

Mrs. Perceval (Argentina) (*spoke in Spanish*): I would like to thank Mr. Jan Eliasson, Ms. Caroline Anstey, Ms. Rebeca Grynspan and Mr. Kofi Annan for their statements.

Like other colleagues, we condemn the attack on the United Nations Office in Mogadishu, and we would like to express our solidarity with the people and Government of Somalia.

As was correctly pointed out by former Secretary-General Kofi Annan in his briefing, conflicts that are directly or indirectly linked to natural resources are not limited only to the African continent. In that regard, the President of my country said recently that the major battles of the twenty-first century would be fought over our people's natural resources. South America is one of the planet's richest regions, not only in terms of human resources but also in natural resources — water — as well as all the various other potential resources being discovered on a daily basis. Conserving our natural resources therefore also means safeguarding a region in which peace prevails.

There is no doubt that the exploitation of natural resources can be a source of conflict in many countries owing to the irresponsible conduct of transnational corporations, shadowy contracts, and the vulnerability of State sovereignty in managing natural resources. But that can also be due to the existence of weak States and already deeply unequal societies where poverty is rife and there are domestic problems having to do to with rivalries and tensions caused by ethnic or religious differences or all-out power struggles. Nevertheless, despite the fact that the illegal or illegitimate exploitation of natural resources can unleash, exacerbate or provoke armed conflicts on many occasions, we should avoid establishing a causal link between armed conflicts and the exploitation and management of natural resources.

What is unquestionable is the link that exists between the structural causes of poverty and inequality in some countries and regions and the irresponsible, illegal and corrupt exploitation of renewable and non-renewable natural resources. Argentina believes that the international community should focus its efforts on addressing this issue by establishing a more fair and balanced world order. It should put an end to the illegitimacy of an unregulated financial system and a world market in which everything has a value except respect for human rights. We emphasize that we should concentrate our efforts on ensuring sustainable human development based on the principle of shared but different responsibilities, with a focus on human rights and on economic, social and environmental aspects.

We believe that the mandate to deal sustainably with the exploitation and management of natural resources lies clearly with the General Assembly, the Economic and Social Council, the funds and programmes, the regional economic commissions and the various specialized agencies. As we are seeing, organizations such as the World Bank and regional development banks also have an important role in line with the priorities that have been established by the Governments and the peoples of the various countries concerned. Security Council intervention should occur only in conflict or post-conflict situations that are on its agenda and that represent a threat to international peace and security.

With regard to conflict prevention, the Security Council should refrain from intervening in a situation in which it believes that there is a potential risk that the exploitation of one country's natural resources could fuel a conflict that could pose a threat to international peace and security. In that way, it would avoid any intervention in the internal affairs of a given country. Preventive diplomacy should play a leading role in such situations by dealing with problems that affect the stability of a particular region or subregion when it comes to the exploitation and management of natural resources. The United Nations must focus its efforts in a coordinated way and in cooperation with regional and subregional organizations.

With regard to conflict and post-conflict situations in which the Security Council intervenes, the work of the United Nations should be aimed at supporting those measures that tend to break the link between the predatory exploitation and corrupt management of natural resources and the emergence of conflicts, while transforming natural resources into a key to development, promoting economic diversity and strengthening democratic, legitimate and transparent State institutions.

Bolstering the rule of law in the framework of peacebuilding strategies requires the strengthening of the debate and the collective work under way among the General Assembly, the Security Council and the Economic and Social Council, including through the Peacebuilding Commission. Similarly, the implementation of sanctions regimes by the Security Council are on some occasions effective in combating the effects that the illegal trade in natural resources can have in a given situation. However, the success of such measures can be ensured only if both States and companies in the private and public sector alike fully meet their obligations imposed by the Security Council.

In conclusion, we believe that the international community should assume its responsibility not just with regard to efforts to support peacebuilding and sustainable human development, but also with regard to the struggle to combat practices that facilitate the unregulated greed of the financial system, tax havens and evasion, and corruption. The management and the legal, legitimate, fair, responsible and transparent exploitation of natural resources requires not only a commitment by the Governments of those countries where such activities take place, but also a commitment by the Governments of those countries where the headquarters of multinational companies involved in such exploitation are located.

We must recognize the responsibility of destination and transit countries to prevent any activity related to the exploitation and management of natural resources that can lead to or perpetuate a conflict, as well as its financing. An active civil society is undoubtedly needed to take clear measures with regard to regulating trade practices and promoting corporate social responsibility.

Argentina emphasizes the importance of avoiding the securitization of the development agenda and making the exploitation and management of natural resources into the cause of conflicts, leaving aside the complex interrelationships among its genuine deep-seated causes. The real way to prevent conflicts at both the intranational and international level and to maintain peace and security is through the establishment of a more just world order that shows more respect for human rights.

Mr. Kim Sook (Republic of Korea): The Republic of Korea joins other delegations in strongly condemning the terrorist attacks on the United Nations compound in Mogadishu. I would like to express our deep condolences to the victims, their families and the Government of Somalia.

I would like to thank the United Kingdom presidency for organizing this meeting. Considering the security implications that natural resources entail, I believe that today's topic is highly relevant to the work of the Council. I would also like to extend my appreciation to Deputy Secretary-General Jan Eliasson, Mr. Kofi Annan, Ms. Caroline Anstey and Ms. Rebeca Grynspan for their insightful briefings.

Natural resources play an irreplaceable role in many national economies, as they provide a potential basis for sustainable economic growth and political stability. However, we can observe a strong correlation between a country's dependence on extractive industries and its susceptibility to conflict, especially when governance is weak and State institutions are fragile. To tackle that problem, it is essential that the gains from extractive industries are shared in a society through a fair, transparent and well-managed process. Good governance, rule of law and anti-corruption efforts are indispensable.

The Republic of Korea welcomes international initiatives aimed at increasing transparency in extractive industries, such as the Extractive Industries Transparency Initiative and the Kimberley Process. We echo the Council's determination expressed in resolution 1625 (2005) to take action against illegal exploitation and trafficking of natural resources and high-value commodities in areas where such activities contribute to the outbreak, escalation or continuation of armed conflict. My delegation would like to make some suggestions that the Security Council could consider to further contribute to achieving that end.

First, the Security Council could consider providing appropriate mandates to peacekeeping and special political missions to help the Governments concerned address the economic dimensions of conflict. United

Nations missions can advise and assist Governments with steps to prevent the illegal exploitation of natural resources.

Secondly, it is imperative that the Council follow through on the implementation of its sanctions in the context of natural resources management. The role of United Nations expert groups should be improved and enhanced in order to have a proper assessment and response. Clear mandates and professional perspectives on natural resources could be reflected in the work of the United Nations expert groups as necessary. The Secretariat should also be given an adequate supporting role, with emphasis placed on improving its function as a centre for coordination among groups of experts.

Thirdly, with regard to post-conflict situations, the Security Council needs to further strengthen its cooperation with other organs within the United Nations system, such as the Peacebuilding Commission and the World Bank, in order to establish and conduct an integrated development and reconstruction strategy. The natural resources perspective should be incorporated in the development of peacebuilding and State-building strategies for countries where extractive industries are a major source of revenue.

As a related topic, I would like to take the opportunity today to briefly highlight the security implications of water resource issues. Factors such as climate change and economic development have worsened scarcity and driven up demand for water resources. Conflicts over transboundary water have become an emerging security issue. In the light of that, preventive diplomacy and mediation to address water-related conflicts require our renewed attention.

To conclude, we believe that today's debate is providing constructive insights that could help to better address the issue of natural resources and conflict. While expressing our disappointment at not being able to agree on the draft presidential statement today, we hope that the Security Council can work together to develop useful instruments through further discussion on the issue.

Mr. Sharifov (Azerbaijan): At the outset, let me join others in condemning the recent terrorist attack in Mogadishu and express our condolences to the families of victims of that heinous act.

I would like to start by expressing our gratitude to the presidency of the Security Council for having convened today's open debate on the very important issue of conflict prevention and natural resources. I would like to thank the Deputy Secretary-General, Mr. Jan Eliasson, and all other speakers for their insightful briefings.

It has been widely acknowledged that the illegal exploitation and ineffective management of natural resources, particularly non-renewable ones, can raise serious challenges to international peace and security by triggering, escalating or protracting conflict around the global. Often coupled with increasing competition over scarce renewable resources, the phenomenon is exacerbated by problems like environmental degradation, population growth and climate change.

Natural resources play different roles at different stages of conflict. In one instance, rivalry to control or gain access to natural resources increases domestic tensions and weakens social cohesion. A number of factors, including the systematic marginalization and exclusion of local communities from the management of resources, inadequate institutional capacity and legal frameworks, lack of transparency and equitable sharing of benefits and the inability to channel revenues into development programmes are powerful conflict drivers which can easily turn a country's resource blessing into its curse. Today, natural resources are often exploited by armed groups to fund war and undermine efforts to build peace. Meanwhile, the natural resources trade mechanisms, such as the Kimberley Process, are unable to meet their primary goals.

Addressing the underlying causes of natural resources-driven conflicts requires a multifaceted and comprehensive approach that entails the spheres of governance, legislation, economic development and capacity-building. Immediate and long-term steps should be taken to avert the occurrence of conflicts and reduce the impact that exploitation of natural resources can have during a conflict. Those steps can include ensuring inclusiveness, transparency and accountability, establishing mechanisms of equitable benefit sharing, building proper institutional capacity and introducing robust legal frameworks. The potential of natural resources can be fully utilized for post-conflict rehabilitation efforts, such as the creation of conditions for economic recovery, confidence-building and promoting dialogue.

Transparency and accountability are critical to the effective and responsible management of

natural resources. Extractive industries generate vast revenues which, if improperly managed, can lead to corruption and cause severe economic losses. In that regard, we emphasize the important role of various multi-stakeholder voluntary mechanisms that involve Governments, the private sector and civil society, including in particular the Extractive Industries Transparency Initiative (EITI). Being the first EITI-compliant country, Azerbaijan believes that setting high standards of transparency and accountability in the extractive industries is an imperative for preserving macroeconomic stability and achieving long-term economic growth and sustainable development in a country.

Natural resources-related problems must for the most part be addressed in the context of internal conflicts. Through the Sanctions Committees and panels of experts, the Security Council has been consistently seized of the matter in some countries on its agenda. But it is essential that the impact of natural resources on inter-State conflicts, particularly the illegal exploitation of such resources by States in violation of international law, also receive the due consideration of the Council within its thematic work.

In the case of foreign military occupation by one State of the internationally recognized territory of another, the former tends to actively exploit natural resources of the country that is the victim of aggression, resulting in colossal damages to property, the environment and the economy. That practice and other illegal activities in occupied territories are carried out with the sole aim of consolidating military gains, preventing expelled populations from returning to their homes and obstructing ongoing efforts aimed at achieving peace.

Such violations become more flagrant when foreign companies seek to participate in illegal activities in contravention of their countries' international legal obligations. Therefore, the United Nations and its Member States must exert vigilance and take all necessary measures, including through targeted sanctions, in order to preclude the involvement of State-owned and private entities in the illegal exploitation of natural resources located in territories under foreign military occupation.

Mr. Gasana (Rwanda): First of all, Rwanda strongly condemns the attack on the United Nations compound in Mogadishu. We offer our deepest condolences to the bereaved families.

I would like once again to thank you, Mr. President, for organizing this debate and providing the concept note that serves as the basis for our discussions today (S/2013/334, annex). I would also like to thank Deputy Secretary-General Eliasson, Ms. Anstey, Mr. Annan and Ms. Grynspan for their comprehensive briefings.

In the past three months, beginning with Rwanda's presidency in April, and during the presidency of Togo in May, the Security Council has been engaged in a series of debates on the prevention of conflict. In that spirit, we believe it is right that the Council should pay attention to factors such as the mismanagement of natural resources that have been a cause of war and used to fuel conflict. Debates such as this will better enable the Council to understand the links between conflicts and natural resources and thus to enhance United Nations intervention measures in such conflict-prone areas.

There is no doubt that natural resource endowments have been an economic backbone enabling the Governments of various countries to advance their development agendas and lift their citizens out of poverty. That can be true for States that have learned the art of effective stewardship of the public good. We have systems in place to ensure the transparent and equitable distribution of resources. It goes without saying that in some parts of the world, including my region, Africa, that those resources have been a blessing for some and a curse for others. Many parts of Africa remain in abject poverty, with poor economic growth and consequently a lower standard of living. The argument that the more resources a country has, the greater its economic growth and prosperity will be, does not hold true. Why is that the case?

The challenge lies in how efficiently the available resources are utilized to improve the living standards of the population. It is imperative that all aspects of the management and exploitation of natural resources are pro-people. The fact of the matter is that the exploitation of resources in Africa has benefited multinational corporations rather than the development of local communities. Conflict is inevitable where investment in natural resources increases rather than decreases the gap between rich and poor and benefits the elite rather than the population as a whole. The result, in the long run, has always been that marginalized groups seeking

redress from injustice come up against those who profit from business ventures. Conflicts then emerge through clashes between Governments, militia groups and other actors struggling for resource ownership and control.

Rwanda is of the view that rebuilding governance and the rule of law, combating corruption, improving transparency and accountability, and encouraging the participation of disenfranchised populations can indeed lead to the effective and equitable management of natural resources.

It is unfortunate that the illegal exploitation of such resources can be a factor in prolonging and in some cases fueling conflict, both in the area of exploitation and, in some cases, across the borders of neighbouring countries. We have a scenario in the Great Lakes region where genocidal or terrorist armed groups such as the Forces démocratiques de libération du Rwanda and the Lord's Resistance Army have used the illegal exploitation of resources in the Democratic Republic of the Congo to cause the insecurity in that country to affect its neighbours, including Rwanda. Such events demand the attention of the Security Council so as to ensure that a country's mismanagement of natural resources does not become a source of financial aid to criminal elements.

The United Nations system and peacekeeping operations, together with regional and international actors, can provide collective support and effective management of the extractive industries. It is crucial that the United Nations country teams work diligently to support implementation of voluntary initiatives such as the Kimberley Process, the Extractive Industries Transparency Initiative, the Global Reporting Initiative, the Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises and the United Nations Global Compact. To ensure accountable management of natural resources, for example, the Government of Rwanda has set up a verification mechanism to help identify the origins of mineral resources on its territory. The country's geology and mines authority has set up a mineral tagging and selling scheme aimed at curbing the illegal trade in conflict minerals such as tin, tantalum and tantalites. The Government ensures that minerals from Rwanda are verified and traceable right from their source to smelters. We encourage countries in the region to adopt similar measures that can contribute to the transparency of mineral trading in the region.

Through its various configurations, the Peacebuilding Commission (PBC) can use its leverage to ensure that natural-resource considerations are mainstreamed into its deliberations. In particular, the PBC can promote the importance of effective management and incorporate relevant findings into the integrated peacebuilding strategies developed with countries on its agenda.

In conclusion, I would like to reiterate Rwanda's call to the United Nations to focus more on institution- and capacity-building for countries in need, and to ensure that the utilization of natural resources promotes national development, peace and security, with full respect for such countries' sovereignty and right to control and exploit their natural resources.

The President: I will now make a statement in my capacity as representative of the United Kingdom.

I would like to thank the Deputy Secretary-General, Mr. Kofi Annan, Ms. Caroline Anstey and Ms. Rebeca Grynspan for their informative briefings today.

Let me begin by expressing the United Kingdom's disappointment that the Council was unable to agree on a presidential statement on this critical issue. I would like to directly address the concern of a few Council colleagues that the issue of natural resources and conflict falls outside the mandate of the Security Council. That is clearly not true. As almost all Council members have remarked today, the Council has frequently had to deal with the ramifications of poor governance of natural resources, and there are a significant number of countries on the Council's agenda where weak management and illegal exploitation of natural resources have played a role in triggering, prolonging or escalating a conflict.

Of course, a country endowed with natural resources will not inevitably succumb to conflict. On the contrary, an endowment of oil, gas or minerals creates a genuine opportunity for growth and prosperity. So the Council must use all of the tools in its toolbox to support countries in taking advantage of such opportunities. Effective sanctions regimes and panels of experts can play an important role in curtailing the illicit exploitation of natural resources. Where we have mandated missions in resource-endowed countries, the United Nations can provide high-level political advice and support to national Governments on these issues, help build the capacity of national institutions, strengthen the rule of law and tackle corruption. In

order to do that effectively, missions must work in close coordination with the United Nations country teams, international financial institutions and regional and international actors.

But United Nations support for national Governments is only one part of the picture. National leaders in resource-endowed countries must commit to building strong, transparent and inclusive institutions to ensure that their extractive industries do not fall prey to corruption or become a source of conflict. The private sector and civil society are crucial partners in that endeavour. The private sector should ensure that its operations respect human rights and take into account the needs of local communities, including through implementation of the Voluntary Principles on Security and Human Rights and the United Nations Guiding Principles on Business and Human Rights. And an active and vibrant civil society can shine a light on corruption, and ensure that companies and national Governments are held accountable for how they manage extractive industries.

Yesterday, at the Group of Eight (G-8) Summit, leaders recognized the potential of natural resources as a key driver of strong, sustainable growth, if managed responsibly. They agreed to take action to raise global standards for extractives' transparency, and to make progress towards common global reporting standards, both for countries with significant domestic extractive industries and for the homes of large multinational corporations.

In recent years, a number of international initiatives have helped to entrench an expectation of transparency, and many of them were endorsed by the G-8 yesterday. The Extractive Industries Transparency Initiative is an excellent example of this, and I am proud that the United Kingdom formally signed up to it this year. Likewise, since its start 10 years ago, the Kimberley Process Certification Scheme has made huge progress in curtailing the flow of diamond revenues to rebel groups. Conflict diamonds are now estimated to represent a fraction of one percent of the international trade in diamonds. In addition, the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-Risk Areas — of which the United Kingdom is a leading advocate — helps to build transparent supply chains, which in turn helps companies to respect human rights.

A number of countries on the Council's agenda have adopted those initiatives, and we should make sure that United Nations missions are equipped to implement them. The United Kingdom is doing its part. For example, we are providing support to Sierra Leone and Afghanistan to help them develop appropriate legislation for their mining sectors, build their capacity to negotiate contracts with the private sector and establish independent audit functions. We will use our chairmanship of the Voluntary Principles on Security and Human Rights in March 2014 to improve transparency and accountability in their implementation.

A natural resource endowment brings with it enormous stakes. It can bring considerable risks, especially in countries affected by conflict. The Security Council should be prepared to act when those risks threaten peace and security. But we should also see natural resources as an opportunity for countries emerging from conflict. Managed well, they can hold the key to prosperity, growth and self-sufficiency. We must do all we can to help countries achieve this.

I resume my function as President of the Security Council.

I should like to thank Mr. Annan for his contribution to, and his participation in, today's debate.

I wish to remind all speakers to limit their statements to not more than four minutes in order to allow the Council to carry out its work expeditiously. Delegations with lengthy statements are kindly requested to circulate their texts in writing and to deliver a condensed version when speaking in the Chamber.

I now give the floor to the representative of Denmark.

Mr. Friis Bach (Denmark): At the outset, my delegation would like to join others in condemning today's terrorist attack on the United Nations offices in Somalia in the strongest possible fashion, and to express our since condolences. It is a cowardly act that will not impede the establishment of a peaceful and stable Somalia.

On behalf of the Nordic countries — Finland, Iceland, Norway, Sweden and Denmark — I am honoured to address the Council on the important issue of conflict-prevention and natural resources. The issue deserves serious attention and is also the mark of an effective preventive diplomacy.

Please note that a longer and more detailed version of this statement is being distributed.

The root causes behind the eruption and continuation of any violent conflict often involve a complex pattern of political and economic factors. It is a paradox that many of the poorest and most conflict-affected countries are simultaneously very rich in natural resources. We must strive to ensure that natural resources become a force for positive change and development.

The illicit extraction of natural resources has many repercussions, not least illicit financial flows, which negatively impact economic development. Such flows undermine state-building and, ultimately, democracy, promote corruption, result in poor investments, facilitate crime and terrorism, and destabilize the financial system, to cite several examples.

Governments, donors, the private sector and civil society need to take a multi-faceted, integrated approach in addressing conflicts with regard to non-renewable natural resources. First, such an approach should take account of establishing and enforcing a regulatory framework for natural resource management. Secondly, attention must be paid to transparency and accountability in public-sector expenditure. Thirdly, there is a need for security sector reform and a rule-of-law approach, including the training of police, border management, governance, sound public financial management, human rights and land rights. Fourthly, reconciliation and the creation of options for viable livelihoods for people affected by the extraction operations must be fostered.

A number of international processes and actors — many of them supported by the Nordic countries — are active in the field of conflict-prevention and natural resources. One central actor that we would like to highlight is the Peacebuilding Commission, which plays an important role in encouraging and promoting coherence, coordination and knowledge-sharing at all levels, and between processes and stakeholders that are of paramount importance.

I welcome today's debate as the co-chair of the International Dialogue on Peacebuilding and Statebuilding, together with the Finance Minister of Timor-Leste, and to which all the Nordic Countries are committed.

The New Deal for Engagement in Fragile States, emanating from the Dialogue, defines five peace- and state-building goals, among them the need to create economic functions and ensure State revenues that in turn will safeguard public service delivery. In that regard, equitable natural resource management is on the agenda as an essential and contributory factor to a durable and sustainable peace as the main building block for long-term development.

I would like to highlight the importance of respecting country-led and country-owned strategies. It is crucial that we support the ground-breaking work undertaken by the Group of Seven Plus States. Businesses have a clear interest in promoting peace, security and stability and in ensuring that natural resources are a blessing, not a curse. We therefore encourage them to engage proactively in voluntary initiatives in this field — the Extractive Industries Transparency Initiative, the Kimberley Process, the Guiding Principles on Business and Human Rights and the United Nations Global Compact. In that regard, we need multi-stakeholder consultative processes and the participation of youth, women and marginalized groups.

We commend the Secretary-General for his proposal to establish a partnership facility. We believe that the international financial institutions have a crucial partnership role to play in managing natural resources. Public income and expenditure reviews are critical, as are requisite regulatory frameworks and procedures.

We must strengthen existing local structures that promote conflict-free mining, such as the Regional Certification Mechanism of the International Conference of the Great Lakes Region and the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The international community, especially the United Nations, should strive to improve coordination on the ground and support the implementation of the OECD Due Diligence Guidance. International partners should ensure that the Guidance is better known and used by their agencies and field offices.

Lastly, civil society has a crucial and active role to play in resolving disputes and in holding States and businesses accountable. In that regard, civil society and free media should serve as our watchdog to monitor compliance with standards and oversight arrangements in order to improve transparency in extractive industries

and in Governments' management of their resource revenues.

Let this important issue unite us and compel us to exert greater efforts in future. Unfortunately, today the Council did not make any statement on this very important topic, but we thank it for the dialogue and the debate.

The President: I now give the floor to the representative of South Africa.

Mr. Mamabolo (South Africa): My delegation would like to join others who expressed their condemnation and disgust at the unfortunate attacks on the United Nations compound in Mogadishu. Our condolences go to all those affected.

My delegation wishes to thank the President of the Council for convening this debate on conflict-prevention and natural resources. We also wish to thank Deputy Secretary-General Jan Eliasson, Under-Secretary-General and Associate Administrator for the United Nations Development Programme Rebeca Grynspan, World Bank Managing Director Caroline Anstey and Mr. Kofi Annan, Chair of the African Progress Panel, for their statements to the Council this morning.

Unfortunately, natural resources are a persistent contributory factor in fuelling instability and conflict across the globe. Countries endowed with natural resources should ideally harness those invaluable resources to improve socioeconomic conditions. South Africa believes that, through the United Nations, the international community has an obligation to eradicate the nefarious factors behind intra-State and inter-State conflicts that are fuelled by the struggle over natural resources. Often such conflicts devastate States by destroying already underdeveloped infrastructure, undermine peacebuilding and fuel conflicts through competition for access to natural resources.

In that context, we believe that Council sanctions are an important tool for the international community to ensure that revenues from natural resources do not further fuel conflicts. We also believe that the work of the Security Council should be seen in that regard. While recognizing that the Security Council may be called upon to impose coercive measures, such as sanctions, we believe that such measures should be exercised with great caution and only be used to support the resumption of political dialogue and negotiations to achieve a peaceful solution.

The role of the international community in supporting regional organizations and countries with natural resources is another factor in ensuring that conflicts can either be prevented or resolved. For example, in 2008, the African Union adopted the Africa Mining Vision. The support of our international partners will also extend to helping States develop strong, accountable and transparent Government institutions that can regulate their extractive industries. The role of the Peacebuilding Commission is also critical to supporting States emerging from conflict to develop the necessary capacity for the effective management of their natural resources and ensuring respect for national ownership.

There are several examples of various largely stable resource-exporting countries where natural resources have contributed to long-term economic growth. In those countries, the resources with which they are endowed have not necessarily led to violent conflict. Rather, we have experienced major improvements in the quality of life of the people. Clearly, the mechanism through which natural resources induce conflict are deeply rooted in economic and social structures. In that respect, the acknowledged importance of the governance and management of natural resources as the core tools of conflict prevention should lead countries to developing effective responses to the challenges posed by the mismanagement of natural resources. In that regard, national legislation and regulation for the effective management of natural resources is critical to ensuring that the risks emanating from natural resources are reduced. Counter-measures such as revenue-sharing, resumed social spending, transparency and anti-corruption initiatives are some of the ways by which tensions and conflict can be reduced, if not avoided.

The Kimberley Process certification scheme is an example of such a mechanism. That United Nations-endorsed multi-stakeholder process, which South Africa has the honour to chair this year, involves more than 50 Governments, the European Union, the diamond industry and civil society. The process has established a set of minimum acceptable international standards for national certification schemes relating to the trade in rough diamonds. The certification scheme ensures that the rough-diamond trade does not finance violence by rebel movements and their allies seeking

to undermine legitimate Governments. This year we celebrate 10 years of the international implementation of the Kimberley Process. We must acknowledge that the Kimberly Process has been instrumental in stemming the flow of rough diamonds from rebel-held conflict areas, thereby contributing substantially to peace efforts. The Kimberly Process has also had a significant developmental impact in improving the lives of people dependent upon trade in rough diamonds.

In conclusion, South Africa recognizes that far-reaching shifts in the global economic order over recent years have created a fundamentally new configuration of natural resource markets and trading relations, as well as competition over real or perceived natural-resource scarcity. However, the fundamental changes should not provide an excuse for anybody to ignore the strife created by international corruption in the natural-resource sector. We should not ignore the fact that parties involved in armed conflict have developed access to the external markets of the developed world to dispose of these resources. That makes the role of traders, transport companies, international banks and transnational corporations a critical part of this debate. On the other hand, the home Governments of those involved in trading with rebels, smugglers and arms traders must also hold those entities who are involved accountable.

The President: I now give the floor to the representative of Brazil.

Mr. Machado (Brazil): At the outset, I would like to join other speakers in condemning the appalling attack on the United Nations compound in Mogadishu and in expressing our condolences to the families of the victims.

On the issue before us today, as in many others, the link between security, development and sustainable peace is quite evident, and it is appropriate for this body to continue to reflect on that crucial relationship.

I also thank Deputy Secretary-General Jan Eliasson and Mr. Annan for their briefings.

The link between natural resources and conflict prevention has been considered by this Council before. It is relevant that the Council reflect on a number of important elements in the ongoing discussion about how to avoid natural resources from feeding armed conflict and to recognize that peacebuilding strategies can play a role in gearing the exploitation of natural resources towards sustainable development and concrete peace dividends.

It is certainly important for the Council to make its contribution, within its competencies, to the fight against the illegal exploitation and trafficking in natural resources, where they relate to armed conflict. At the same time, as widely recognized, there are no necessary or mechanical linkages between the exploitation of natural resources and armed conflict. On the contrary, such resources are generally an important source of prosperity and stability, and they must be seen as such.

It is also crucial to look at the international demand for natural resources as a decisive part of our collective effort to prevent natural resources from fuelling armed conflict. In 1998, in his report entitled "The causes of conflict and the promotion of durable peace and sustainable development in Africa" (S/1998/318), Secretary-General Annan called attention to the impact that business interests in natural resources could have on the success or failure of peace efforts. Since then, progress has surely been made.

Now it is time to further articulate conflict prevention and the demand side of the equation. Due diligence is certainly an important tool in that regard, and has helped address the problem. More is needed, however, to identify new means to stop such resources from fuelling armed conflict. We believe that could matter in the further reflection and work of the Security Council, as well as that of the General Assembly and the Peacebuilding Commission.

The sound exploitation of natural resources is, for many States in conflict or post-conflict situations, the single most important vehicle for economic development. The international community, including the Security Council, within its competencies, should do more to assist such countries. We must help strengthen national ownership and the State institutions necessary to exercise national oversight over natural resources, as well as to develop or consolidate policies to ensure that the extractive industry always serves development and not war. When State sovereignty is fully exercised in the exploitation of natural resources, fewer are the chances of their misuse for fuelling conflict.

In conclusion, Brazil reiterates its support for actions and strategies — here and in other forums, in full respect for the mandates of each — that help ensure that natural resources in conflict-affected States are a

powerful tool of development with social justice, and therefore, stability and peace.

The President: I call on the representative of Germany.

Mr. Berger (Germany): I would like to add my voice to those who have condemned the terrorist attack on the United Nations compound in Mogadishu, and my condolences to the families of those killed and affected.

The effective and transparent management of natural resources matters. Natural resources are still fuelling conflicts, both internal and between States. Many countries rich in natural resources are immersed in poverty because of mismanagement of these resources and corruption. We therefore welcome today's open debate and the United Kingdom's initiative to explore — in the context of maintaining international peace and security — ways how to strengthen responsible management of extractive industries. We also regret that it was not possible to agree on a draft presidential statement.

Germany aligns itself with the statement to be delivered by the observer of the European Union. I would like to stress the following points.

Financial transparency in the extractive industries and the transparency of supply in case of mineral imports from conflict regions are in our view crucial to help reduce the potential for conflict and to deter corruption. Germany therefore supports the Extractive Industries Transparency Initiative and the Kimberley Process, and we very much welcome the discussion that took place at the Summit of the Group of Eight.

In the Security Council, we have actively supported setting out clear standards of supply-chain due diligence for businesses using minerals from the Democratic Republic of the Congo in accordance with the guidelines of the Organization for Economic Cooperation and Development. Furthermore, Germany is leading a certification and traceability initiative to establish certified trading chains in Rwanda and the Democratic Republic of the Congo for minerals and natural resources, fostering the efforts of the local mining authorities and the International Conference on the Great Lakes Region (ICGLR).

However, such technical solutions alone cannot stop the trade in minerals from fuelling conflicts. That requires governance in resource-exporting countries based on the rule of law to make such technical solutions feasible. In this context, sufficient capacity is indispensable to ensuring compliance. Corruption needs to be fought and impunity ended. Closer cooperation among countries in which actors exploiting and using natural resources operate should be pursued. With regard to due diligence mechanisms, quality and the independence of audits need to be ensured. Addressing the problem of conflict minerals therefore also requires political solutions and further steps.

In Africa, the African Union and subregional organizations have an important role to play in this field. Germany welcomes their efforts and supports them, as well as projects to strengthen good governance of mineral resources in a number of countries. Germany also backs the United Nations Global Compact, which assists companies and investors and facilitates constructive discussions on how to engage in conflict-affected and high-risk areas in compliance with United Nations standards, including the principles of anti-corruption, human rights and respect for the environment.

The support of United Nations actors also remains key. We want to specifically encourage the Peacebuilding Commission (PBC) to engage in the capacity-building of national administrations as the successful implementation of control and regulating initiatives depend on functioning administrations and their integrity. PBC engagement to support the fight against corruption in affected countries also remains crucial.

Furthermore, we believe that sanctions against traders of natural resources and companies dealing with armed groups could contribute to strengthening the effective management of extractive industries. Existing sanctions regimes, including the regime for the Democratic Republic of the Congo, provide for this option. It should be applied wherever feasible. In this context, we would also like to raise awareness of a growing concern that, like poorly managed natural resources, contributes to conflicts and regional instability — namely, poaching and the illicit trade of wildlife. We urgently need new strategies and more international efforts to address the increase in illegal wildlife exploitation. Exploring options for the United Nations to address the negative impact of poaching on peace and security will be at the core of a policy forum we will hold in cooperation with the International Peace Institute tomorrow at the Institute's headquarters. All Member States are cordially invited to attend.

The President: I give the floor to the representative of Uganda.

Mr. Nduhuura (Uganda): I join you, Sir, and others in condemning the barbaric and cowardly attack on the United Nations compound in Mogadishu, and convey my condolences to all the bereaved.

I wish to commend you and the delegation of the United Kingdom on your leadership of the Security Council this month. I also thank you for convening this debate on the important topic of conflict prevention and natural resources. We also thank Deputy Secretary-General Mr. Jan Eliasson, Africa Progress Panel Chair Mr. Kofi Annan, World Bank Managing Director Ms. Caroline Anstey, and Under-Secretary-General and Associate Administrator of the United Nations Development Programme Ms. Rebeca Grynspan for their insightful briefings.

We acknowledge that peace, security, development and human rights are closely linked and mutually reinforcing. In this context, it is essential to intensify efforts aimed at ensuring that conflicts are prevented through comprehensive strategies that address their root causes. My delegation would like to stress that the primary responsibility for preventing conflicts lies with individual Member States and that initiatives undertaken within subregional, regional or United Nations frameworks should support and complement the roles of national Governments.

The African Union (AU), in this regard, has shown its resolve to address the root causes of conflicts on the continent, including through the African Charter on Democracy, Elections and Governance; the African Peer Review Mechanism; the Continental Early Warning System, the Panel of the Wise, and the AU Post-Conflict Reconstruction and Development Policy.

On the issue of conflict prevention and natural resources, I would like to make four points. First, endowment with and harnessing of natural resources — minerals, water, fisheries, forests, oil, natural gas, coal and so on — provides countries with significant opportunities for national development. Uganda reaffirms the principle of permanent sovereignty over natural resources as an inalienable right that must be exercised in the interest of national development and the well-being of the population.

Secondly, when countries' natural resources are well managed and the revenues generated are utilized to spur economic growth through investment in critical areas such as economic diversification, infrastructure development, education and health, numerous benefits are derived. These include employment creation and improvement in livelihoods, which contribute to laying a strong foundation for peace and socioeconomic development. This is one of the ways of avoiding the so-called resource curse, or the paradox of countries and regions with abundant natural resources, especially non-renewable resources like minerals and fuels, tending to have less economic growth and worse development outcomes than countries with fewer natural resources.

Thirdly, natural resources can and often do cause conflicts within countries if they are not properly managed, as different groups and factions fight for their share, while other conflicts may arise out of attempts to control and exploit resources or the allocation of the revenues accrued. In other cases, access to natural resource revenues by belligerents through illegal exploitation can fuel or prolong conflicts. There have also been cases of inter-State conflict over natural resources.

We therefore emphasize the need to intensify national, regional and international efforts to improve natural-resource management through the sharing of best practices and such measures as stabilization funds, subregional development programmes, revenue-sharing regimes and transparency initiatives. Additional measures may include local programmes that compensate for the negative impacts of resource exploitation through programmes for environmental protection, infrastructure development and employment creation.

In conclusion, we recognize the importance of commodity monitoring and certification schemes and initiatives such as the Kimberly Process and the Extractive Industries Transparency Initiative, as well as other tools aimed at curbing the illegal exploitation of natural resources, including through raising awareness among the private sector and all stakeholders. Atthe same time, Uganda underscores the need to promote legitimate trade in natural resources for economic growth and development.

The President: I now give the floor to His Excellency Mr. Ioannis Vrailas, Deputy Head of the Delegation of the European Union to the United Nations.

Mr. Vrailas: I have the honour to speak on behalf of the European Union (EU) and its member States.

The acceding country Croatia, the candidate countries Turkey, the former Yugoslav Republic of Macedonia, Montenegro and Serbia, the countries of the Stabilization and Association Process and potential candidates Albania and Bosnia and Herzegovina, as well as Ukraine, the Republic of Moldova and Georgia, align themselves with this statement.

First, I would like to join previous speakers in condemning in the strongest terms the attacks that took place today at the United Nations compound in Mogadishu. Our deepest sympathies and condolences go to the families and friends of those affected by this heinous crime.

We welcome the initiative taken by the United Kingdom to hold this open debate on conflict prevention and natural resources. However, we regret that the Council was unable to speak in one voice on this important issue.

I would also like to thank the Deputy-Secretary General, World Bank Managing Director Caroline Anstey, Mr. Kofi Annan, as Africa Progress Panel Chair, and Associate Administrator of the United Nations Development Programme Rebeca Grynspan for their statements.

Managing, extracting and exploiting natural mineral resources are often cited as key factors in triggering, escalating or sustaining violent conflicts. There is also a worrying correlation between military activity linked to the illegal extraction of natural resources and episodes of sexual violence.

For instance, the African Great Lakes region is characterized both by instability and mineral-rich soils. The illegal exploitation of, and trade in, natural resources has led to the development of a number of initiatives. Some are aimed at delinking the trade in minerals sourced from the control of armed groups, while others aim to promote good governance and transparency of financial revenues and the adoption of responsible business principles.

The impact of those and other existing initiatives has to be assessed against their objectives; they cannot address the root causes of violence and instability by themselves. Experience shows that a more comprehensive approach is needed to break the linkages between instability and violent conflict in mineral-rich countries, one that deploys the full range of development, trade, security and diplomatic instruments at the disposal of the international community and that ensures a human rights perspective.

For its part, the European Union has focused on promoting conflict-sensitive management of the international diamond trade and the forestry sector, as well as on the transparency of the revenues generated by the extractive industry. We have adopted policy frameworks and business standards relevant to the promotion of transparency in the supply chains. The following are some examples.

The European Union played a crucial role in setting up and implementing the Kimberley Process certification scheme. The Kimberly Process needs to be strengthened to meet future challenges in the global diamond-supply chain and provide assurances for consumers that diamonds are not tainted by violence. One of the unique features of the Kimberly Process is its tripartite structure, which involves Governments, industry and civil society. We take this opportunity to call on all parties involved to recognize the full diversity of opinions within and about the Kimberly Process and to continue to work together to enhance the scheme's credibility.

The EU also supports the Regional Initiative against the Illegal Exploitation of Natural Resources, launched by the International Conference on the Great Lakes Region (ICGLR). The EU will provide technical assistance that will contribute to building the capacity of the ICGLR and its member States' national administrations in relation to natural resources and conflicts, notably through the establishment of a regional certification scheme.

With regard to the United Nations, the Eureopean Union is fostering an inter-agency approach through the EU-United Nations Partnership on Natural Resources and Conflict Prevention, as well as with the World Bank and other international stakeholders. Participating agencies are leveraging their respective skills and knowledge to better assist third countries in preventing and addressing natural-resources-related conflicts. Furthermore, the EU takes note of the role of the Peacebuilding Commission and encourages it to enhance its interaction with the Security Council in this area. The European Union also supports the implementation of the United Nations guiding principles on business and human rights.

The European Union is funding the Extractive Industries Transparency Initiative. With regard to internal legislation, in 2011 the European Commission proposed a reform of the accounting and transparency directive that requires EU oil, gas, mining and timber companies to publish specific payments to partner Governments. The reform was politically agreed in May 2013, and we envisage its entry into force in August.

The EU has also adopted the Organization for Economic Cooperation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas. In addition, the European Commission is considering a comprehensive EU supply chain initiative for the responsible sourcing of minerals originating from conflict areas. In that respect, the European Commission launched a public consultation in March to gather views from stakeholders. On that basis, the Commission expects to publish a communication and a legislative proposal later this year.

In our experience, it is important that the international community, including the Security Council and the relevant United Nations bodies, build on existing initiatives and seek convergence and complementarities. Inclusiveness and the partnership of all stakeholders at all stages of the value chain are also essential.

Finally, natural resources play a critical role in fuelling and financing conflict, but also in creating strategic incentives for peacebuilding and peace-supporting action. Peace agreements have to create conditions in which belligerents have more of an incentive to become part of a peace economy than to remain in the shadow economy. The implementation of legitimate methods of exploitation and trade for concerned minerals should be encouraged by specific incentives. It is therefore important that all initiatives be undertaken pursuant to relevant international law, include appropriate safeguards and are carefully evaluated for their impact on domestic reform, conflict, poverty and insecurity.

The President: I now give the floor to the representative of Switzerland.

Mr. Guerber (Switzerland) (*spoke in French*): At the outset, allow me to resolutely condemn the attacks against the United Nations that took place this morning in Mogadishu. On behaf of my country, I wish to convey our deepest sympathies to those affected by the attacks and to their families.

Referring to natural resources as a curse may seem paradoxical and even cynical. But there is no denying the fact that the Earth's greatest natural wealth is often found side by side with great human misery. The fight over natural resources is often the trigger for and a cause of conflicts, while the exploitation of natural resources is a source of funds that can prolong conflicts. I would therefore like to thank the United Kingdom's presidency of the Security Council for this important debate.

We agree with those who say that the legal, transparent and sustainable management of natural resources is essential to preventing conflict and safeguarding human rights. Furthermore, the equitable distribution of revenue from the exploitation of and trade in natural resources can contribute sustainably to human well-being, stability and peacebuilding.

The main responsibility in that respect lies with those States on whose territory natural resources are being extracted. But the United Nations and donors can also play a role by assisting the States concerned, at their request, on the basis of full respect for their sovereignty. Such support can take various forms, from strengthening governmental capacities and institutions to consolidating the rule of law in fragile States and in post-conflict situations.

A significant number of missions mandated by the Security Council, along with country teams, are operating in countries where extractive industries play a major economic role. It is therefore essential that such United Nations mandates take due account of the link between conflict and natural resources and facilitate our efforts to help national Governments to manage their extractive industries. Given its composition, the United Nations Peacebuilding Commission seems to us to be an institution ideally suited to promoting a management of natural resources that takes due account of conflicts.

It is just as important that private-sector actors, particularly multinational companies involved in large-scale projects in fragile environments, adopt approaches that take account of conflict and human rights. All stakeholders — the Governments of the host countries and of countries where mining companies are headquartered, international organizations, private enterprise and civil society — must bear their share of responsibility. Switzerland expects that those

international companies that are headquartered there will comply with the legal provisions currently in force, meet their human rights due-diligence obligations and refrain from contributing to conflicts. That applies in particular to complex environments where the rule of law remains insufficiently developed and to conflict zones.

To that end, Switzerland is committed to the promotion of United Nations Guiding Principles on Business and Human Rights. It is an active participant in international initiatives and certification processes, such as the Extractive Industries Transparency Initiative, of which Switzerland is a Board member, the Kimberley Process, and the Organization for Economic Cooperation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Switzerland is convinced that partnerships among the various stakeholders — Governments, the private sector and civil society — are pivotal and calls on those countries that do not yet participate in such partnerships to join them.

Switzerland currently holds the chairmanship of the initiative on Voluntary Principles on Security and Human Rights, aimed at companies that are active in the extractive and energy sectors, and is working to strengthen its implementation. We believe that the Voluntary Principles can play a key role in preventing conflicts linked to the exploitation of natural resources by encouraging companies to analyse risks and enter into a genuine dialogue with communities, local authorities, and public and private security forces.

We encourage the Council to continue its deliberations on the available instruments for the sustainable management of natural resources by focusing on the issues of transparency and compliance with human rights in the exploitation of and trade in natural resources.

The President: I now give the floor to the representative of Belgium.

Ms. Frankinet (Belgium) (*spoke in French*): At the outset, I should like to echo the strong condemnation and condolences that others have expressed in this Chamber in connection with the attack that took place in Mogadishu.

Mr. President, I wish to congratulate you on having convened this debate on natural resources and on the positive contribution that the transparent management of extractive industries can make to preventing such conflicts. I thank the Deputy Secretary-General, Mr. Eliasson; Ms. Anstey; Ms. Grynspan; and Mr. Kofi Annan for their briefings.

Belgium associates itself with the statement to be made by the observer of the European Union.

The link between natural resources and conflict is particularly important to Belgium. My country convened an initial debate (see S/PV.5705) on this issue in 2007, during its presidency of the Security Council, which led to the adoption of a presidential statement (S/PRST/2007/22).

In recent years there have been a growing number of initiatives aimed at promoting the transparent management of natural resources, in particular in the extractive industries. A number of them have already been mentioned by other speakers. I would just refer to the Extractive Industries Transparency Initiative process, the Kimberley Process, the Organization for Economic Cooperation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the International Organization of la Francophonie Resolution on Good Governance in the Extractive and Forestry Industries, the Guiding Principles on Business and Human Rights, as well as the Global Compact initatives. At the regional level, I would stress the African Mining Vision adopted by the African Union.

When the Security Council considers a situation in which poor management of the extractive industry is likely to play a role in conflict, several tools are already at its disposal to meet that challenge. Mediation efforts in the natural-resources sector are regularly conducted by the United Nations and other actors. Sanctions relating to the extractive industries have been adopted, for example in the form of embargoes. Expert groups and panels associated with the sanctions committees are also working on the issue. Finally, several peacekeeping missions or special political missions have been given mandates that include work in the area of natural resources, in support of national Governments.

In future, the Security Council could consider stronger action in this area through an integrated, cross-cutting response based on existing tools. Such a response should take into account the contribution and value added of United Nations system organizations in areas that are key to good governance, including reform

of the security sector, the promotion of the rule of law and capacity-building.

In that regard, the Peacebuilding Commission could play an important role by clarifying for the Council the challenges and issues related to natural resources, by promoting a coherent and coordinated approach among the actors involved, and by supporting the efforts of the countries on its agenda.

Such response should consider all phases and dimensions of the conflict, such as early warning in the case of violence, including human rights violations related to the exploitation of natural resources; preventing the resumption of violence; and the signing of peace agreements. It should also be based on the overall peacebuilding process.

In that context, we must stress, as many speakers have done, the crucial importance of ownership by and accountability on the part of States in the governance of natural resources. Each State has the sovereign right to control and exploit its resources, in accordance with the Charter and the principles of international law. It is therefore up to States to establish solid and transparent governance at the institutional, legislative and regulatory levels, in order to reduce any vulnerability to conflict related to a form of resource management characterized by a lack of transparency or corruption. It is also up to them to ensure that they have policies in place that will make it possible to invest revenue from the exploitation of natural resources in the country's future, to the benefit of the entire population.

Moreover, the governance of extractive industries requires the support of all international partners, in particular in enhancing capacity. It must be based on regional and subregional cooperation. It requires the close involvement and active engagement of the private sector and civil society, as well as coordination among the Governments concerned, United Nations entities and regional organizations. Finally, we must remember that the prevention and fight against the trafficking, illegal exploitation and illegal trade in natural resources are based on cooperation and shared responsibility among countries of origin, transit and destination.

As we have heard this morning, the management of natural resources is not related exclusively to conflicts. This gives me the opportunity to draw attention to an initiative of Belgium and Gabon that is soon to be presented to the General Assembly. As has been mentioned during this debate, many national, regional and international initiatives relating to the transparent management of natural resources have been launched in recent years. The useful lessons for sustainable development that have emerged should be shared with all Member States. Our draft resolution to the General Assembly thus aims to promote sustainable development through transparency in the management of natural resources.

The President: There are still a number of speakers remaining on my list for this meeting. I intend, with the concurrence of the members of the Council, to suspend the meeting until 3 p.m.

The meeting was suspended at 1.10 p.m.